

Max India Limited

Investor Release

Quarter ended June 30, 2019

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Max India – Key Highlights (Q1FY20)

- 1** **Max Healthcare to merge with Radiant:** Radiant has acquired 49.7% stake in MHC from Life Healthcare. SEBI approval expected by mid-Aug'19. NCLT filing immediately after
- 2** **Max Bupa divestment:** Shareholder's approval received in May'19. IRDA approval being progressed. Expected completion 2-3 months
- 3** **Max Healthcare :** Net revenue grows 12% to Rs 719 Cr. EBITDA for Q1 at Rs. 75 Cr, grows 151%; EBITDA Margin for Q1 at 10.4%, improved by 577 bps
- 4** **Max Healthcare :** Sharp turnaround in performance with a PAT of Rs. 2 Cr. in Q1FY20 against a loss of Rs. 37 Cr. in the corresponding previous quarter
- 5** **Max Bupa:** GWP grows 35% to Rs 250 Cr, 77% growth in new sales; Normalising for reinsurance impact, Pre tax loss of Rs 13 Cr vs Rs 16 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 – Q1FY20)

Revenue

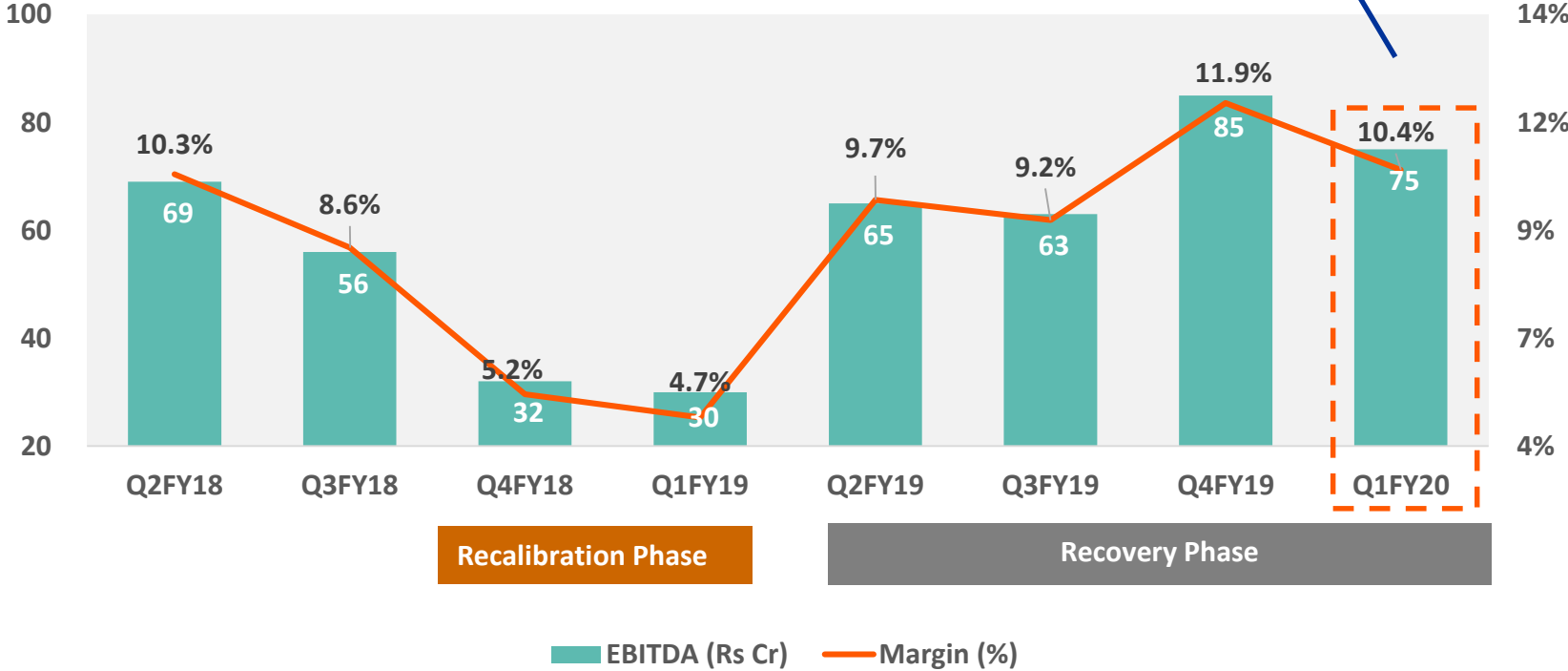
- Net revenue for Q1FY20 grows 12% to Rs. 719 Cr.
- East Delhi complex net revenue for Q1FY20 grows 18% to Rs. 196 Cr.
- Alternate business revenue for Q1FY20 at Rs 28 Cr, grows 57%
- Liver Transplant, Neuro and Renal specialities outpace overall growth, grows by 24%, 14% and 13% respectively
- TPA & Walk-in channel outpace overall growth, grows 22% & 14% respectively
- Avg. Revenue/Occupied Bed day in Q1FY20 improves to Rs 49,289, grows 12%
- Avg. Occupancy in Q1FY20 improves by 234 bps to 73.2%

Profitability

- EBITDA for Q1FY20 at Rs. 75 Cr, grows 151%; driven by strict cost actions
- EBITDA Margin for Q1FY20 at 10.4%, improved by 577 bps
- East Delhi complex EBITDA for Q1FY20 at Rs. 28 Cr, grows 122%; EBITDA Margin at 14%, improved by 659 bps
- Alternate businesses EBITDA for Q1FY20 at Rs 3 Cr, grows 6x y-o-y
- Profit after tax for Q4FY19 at Rs 2 Cr vs net loss of Rs 37 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 Q1FY19, achieved 2 yrs high EBITDA margin of 12% in Q4FY19 and baseline set at 10.4% in Q1FY20



*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 (Q1FY20)

Rs Cr

Key Business Drivers	Quarter Ended		Y-o-Y Growth
	Jun-19	Jun-18	
a) Financial Performance			
Revenue (Gross)	778	694	12%
Revenue (Net)	719	641	12%
Direct Costs			
Material Cost	181	167	8%
Clinician Payout	120	112	7%
Contribution	419	362	16%
<i>Contribution Margin^</i>	58.2%	56.5%	174 bps
Indirect Costs			
Personnel Cost	199	184	8%
Other Indirect overheads	113	114	0%
HO Costs	31	35	-10%
EBITDA	75	30	151%
<i>EBITDA Margin^</i>	10.4%	4.6%	577 bps
Finance Cost	35	28	25%
Cash Profit	40	2	> 100%
Depreciation	36	38	-5%
Profit /(loss) before tax	4	(36)	> 100%
Tax	2	1	0%
Profit /(loss) after tax	2	(37)	> 100%
b) Financial Position			
Net Worth **	734	940	-22%
Net Debt**	1,463	1,221	20%
Tangible Fixed Assets - Gross Block**	2,421	2,268	7%

** Balance sheet numbers are reported on IND-AS basis

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^ on the basis of net revenue

MHC Network* – Performance Dashboard (Q1FY20)

Key Business Drivers	Quarter Ended		Y-o-Y Growth
	Jun-19	Jun-18	
a) Patient Transactions (Nos. in lacs)			
Inpatient Procedures	0.57	0.47	21%
Day care Procedures	0.13	0.11	17%
Outpatient Registrations	18.63	17.20	8%
Total	19.33	17.78	9%
b) Average Inpatient Operational Beds	2,369	2,376	0%
c) Average Inpatient Occupancy	73.2%	70.9%	234 bps
d) Average Length of Stay (days)	2.79	3.25	14%
e) Average Revenue/Occupied Bed Day (Rs)	49,289	44,045	12%
f) Other Operational Data			
Physicians	3,108	2,968	5%
Employees	10,217	9,388	9%
Customer Base (in lacs)	42.1	42.3	0%

*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 (Q1FY20)

Key Business Drivers	Unit	Quarter Ended		Rs Cr
		Jun-19	Jun-18	Y-o-Y Growth
	Saket Complex			
a) Financial Performance				
Revenue(Net)	Rs. Cr	262	242	8%
EBITDA	Rs. Cr	29	20	43%
EBITDA Margin	%	11.1%	8.4%	269 bps
b) Average Inpatient Operational Beds	No.	768	769	0%
c) Average Inpatient Occupancy	%	73.4%	71.8%	153 bps
d) Average Revenue/Occupied Bed Day	Rs.	56,357	52,297	8%
e) Average Length of Stay	(days)	3.11	3.61	14%
East Delhi Complex				
a) Financial Performance				
Revenue(Net)		196	166	18%
EBITDA	Rs. Cr	28	12	122%
EBITDA Margin	%	14.1%	7.3%	659 bps
b) Average Inpatient Operational Beds	No.	694	691	0%
c) Average Inpatient Occupancy	%	81.6%	77.6%	400 bps
d) Avg. Revenue/Occupied Bed Day	Rs.	41,453	37,841	10%
e) Average Length of Stay	(days)	2.78	3.24	14%

*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 – Q1FY20)

Revenue

- Gross Written Premium (GWP) for Q1FY20 grows 35% to Rs. 250 Cr, driven by 77% growth in new sales and 15% growth in renewals.
- Bancassurance continues to gain traction as Banca & Alliances grows 100% in Q1, contribution to GWP increases to 28% in Q1FY20 vis-à-vis 25% in Q1FY19
- Urban lives-in-force crosses 2.7 million, ~ 650K lives covered in Q1FY20
- Conservation ratio (B2C) for Q1FY20 at 88%, improved by 401 bps over PY
- Partnered with Indian Bank for Corporate Agency, will increase the distribution reach to additional ~ 2,900 branches

Profitability / Others

- Pre tax loss of Rs 76 Cr in Q1FY20 vs Rs 12 Cr in PY. Normalising for reinsurance impact, Pre tax loss of Rs 13 Cr in Q1FY20 vs Rs 16 Cr in PY.
- B2C claims ratio for the quarter at 50%, improved by 330 bps over PY

Award and Accolades

- Won 'Best Employee Engagement Initiatives in Service Sector' at the 3rd Edition of Employee Engagement Leadership Awards by Kamikaze B2B media
- Recognized at the 'AchromicPoint Fraud, Risk and Compliance Conference and Awards' for two key categories: Best Response to Critical Incident and Best Fraud Risk Mitigation Model

Max Bupa – Performance Dashboard (Q1FY20)

Key Business Drivers	Quarter Ended		Y-o-Y Growth
	Jun-19	Jun-18	
a) Gross written premium income			
First year premium	107	61	77%
Renewal premium	143	125	15%
Total	250	186	35%
b) Net Earned Premium	204	162	26%
c) Cash Profit /(Loss) ^	(71)	(8)	< -100%
d) Pre tax Profit /(Loss) ^	(76)	(12)	< -100%
e) Claim Ratio (B2C Segment, normalized)*	50%	53%	330 bps
f) Avg. premium realization per life (B2C)	8,252	8,452	-2%
g) Conservation ratio (B2C Segment)	88%	84%	401 bps
h) Urban Lives In force in millions	2.7	1.9	47%
i) Number of agents	33,229	26,504	25%
j) Paid up Capital	1,046	926	13%

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

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

Antara - Dehradun

- **112 apartments** sold; total inventory 192 units
- **73 residents** have moved in the Community

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 related CPs expected to be completed by Aug'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

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**
- Design development work re-initiated. Sales launch by Jan'20.

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 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

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