

Max India Limited

Investor Release

February 2016

Disclaimer

This release is a compilation of unaudited financial and other information and is not a statutory release. This may also contain statements that are forward looking. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from our expectations and assumptions. We do not undertake any responsibility to update any forward looking statements nor should this be constituted as a guidance of future performance.

Key Highlights

Demerger Update

- Max India demerged into 3 legal entities effective from Jan 15, 2016
- FIPB approval being progressed for issuance and listing of shares of Max India Limited and Max Ventures and Industries Limited

Other Highlights

- **Smooth leadership transition in Max India**
 - Analjit Singh to be Founder & Chairman Emeritus
 - Rahul Khosla elevated as the Chairman
 - Mohit Talwar elevated as the Managing Director
 - Tara Singh Vachani inducted as non-executive director
- **Majority stake acquired in Saket City Hospital to create 2000-bedded single-largest medical complex in India**
- **Joint-venture agreement executed with Bupa to divest 23% shareholding in its favor, subject to regulatory approvals**

Revenue

- Network Revenue for Q3FY16 grew by 25% y-o-y to Rs. 529 Cr. Growth mainly led by Renal Sciences, Cardiac, Gastro, Internal Medicine and Pulmonology
- Avg. Occupancy** across healthcare facilities in Q3FY16 stood at 69.7% with 30%+ increase in Occupied Beds in Q3 FY16 y-o-y
- Average Revenue per Occupied bed day* improves by 0.5% to Rs 30,153 in Q3FY16

Profitability

- Q3FY16 EBITDA at Rs. 54 Cr., grew 28%, driven by 90 bps improvement in margins from existing hospitals (to 14.6% in Q3FY16) & turnaround in new hospitals from marginal EBITDA loss of Rs 0.3 Cr in Q3FY15 to positive EBITDA of Rs 9 Cr in Q3FY16. EBITDA Margin improved to 10.3% (Q3FY15 10.0%)
- Net loss of Rs 5 Cr in Q3FY16 vis-a-vis Rs 1 Cr in Q3FY15 due to increase in interest cost (of Rs 9 Cr) on incremental borrowings to part finance two M & A deals, involving Pushpanjali (300 beds expandable to 540 beds) and Saket City (215 beds expandable to 1200 beds)

Others

- Registered patient base stands close to 2.8 million.
- Recently acquired Pushpanjali Hospital (rechristened as Max Super Specialty Hospital Vaishali) has reported robust growth in revenues and encouraging trends in EBITDA margin post integration

* Average Revenue per Occupied Bed Day = Inpatient Revenue/ Occupied Bed Days

**Occupancy has been calculated on average operational beds

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Nine months Ended		Y-o-Y Growth
		Dec-15	Dec-14		Dec-15	Dec-14	
a) Financial Performance	Rs. Cr						
Revenue (Net)		529	424	25%	1,523	1,246	22%
Contribution Margin	%	66.2%	64.7%	150 bps	65.0%	64.0%	100 bps
EBITDA	Rs. Cr	54	42	29%	152	128	19%
EBITDA Margin	%	10.3%	10.0%	30 bps	10.0%	10.2%	(20 bps)
Cash Profit	Rs. Cr	23	22	8%	84	62	35%
Profit	Rs. Cr	(5)	(1)	-	7	(7)	2x
b) Financial Position							
Net Worth	Rs. Cr				1,071	726	47%
Net Debt	Rs. Cr				1,048	586	79%
Tangible Fixed Assets - Gross Block	Rs. Cr				1,935	1,438	35%
c) Patient Transactions (No. of Procedures)	No.						
Inpatient Procedures		42,181	32,649	29%	1,20,645	98,643	22%
Day care Procedures		9,034	6,805	33%	23,040	19,850	16%
Outpatient Registrations		13,47,117	10,72,689	26%	40,22,985	33,04,297	22%
d) Average Inpatient Operational Beds	No.	2,139	1,823	17%	2,064	1,756	18%
c) Average Inpatient Occupancy	%	69.7%	69.4%	30 bps	71.7%	74.1%	(240 bps)
d) Average Length of Stay	No.	3.20	3.36	-5%	3.21	3.43	7%
e) Avg. Revenue/Occupied Bed Day (IP)	Rs.	30,153	29,996	0.5%	30,296	28,512	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

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Nine months Ended		Y-o-Y Growth
		Dec-15	Dec-14		Dec-15	Dec-14	
Existing Hospitals*							
a) Financial Performance							
Revenue(Net)	Rs. Cr	338	311	9%	1,013	907	12%
EBITDA	Rs. Cr	49	43	14%	139	122	14%
EBITDA Margin	%	14.6%	13.8%	80 bps	13.7%	13.4%	30 bps
b) Average Inpatient Operational Beds	No.	1,143	1,149	-1%	1,143	1,133	1%
c) Average Inpatient Occupancy	%	74.5%	73.0%	150 bps	75.2%	76.0%	(80 bps)
d) Avg. Revenue/Occupied Bed Day (IP)	Rs.	33,389	32,062	4%	33,203	30,284	10%
New Hospitals^							
a) Financial Performance							
Revenue		188	110	71%	500	328	52%
EBITDA	Rs. Cr	9	(0.3)	>100%	17	8	113%
EBITDA Margin	%	5%	-	-	3.4%	2.5%	90 bps
b) Average Inpatient Operational Beds	No.	1,076	674	60%	921	623	48%
c) Average Inpatient Occupancy	%	64.4%	63.2%	120 bps	67.2%	70.5%	(330 bps)
d) Avg. Revenue/Occupied Bed Day (IP)	Rs.	26,106	25,827	1%	26,205	24,592	5%

*The above results are for MHC Network of hospitals and includes results for Max Super Specialty Hospital, Saket, unit of Devki Devi Foundation and Max Super Speciality Hospital, Patparganj, unit of Balaji Medical and Diagnostic Research Centre

^ The above results for Mohali, Bathinda, Dehradun, Shalimar Bagh, Vaishali & Saket City hospital unit of Gujarmal Modi Hospital & Research Centre

Revenue and Profitability

- Gross Written Premium for Q3FY16 grows 26% to Rs. 113 Cr. driven by 36% growth in new sales and 21% growth in renewals
- Average premium realisation at Rs 6,756 for Q3FY16 increases 4%
- Conservation ratio (B2C segment) for 9MFY16 improves by 170 bps to 83%
- Urban lives-in-force at 949K, 124K lives covered in Q3FY16
- Stern focus on costs lead to reduction in loss from 19 Cr. in Q3FY15 to Rs. 9 Cr. in Q3FY16 despite increase in claim ratio in Q3FY16

Other Key Metrics

- Market share at 4.2%, improves 30 bps y-o-y
- Bancassurance continues to gain traction as Banca and Alliances' contribution to GWP increases to 25% in Q3FY16 vis-à-vis 21% in Q3FY15
- Distribution Network
 - Office network expanded to 26
 - Provider network expanded further and now touching 3,600 hospitals

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Nine months Ended		Y-o-Y Growth
		Dec-15	Dec -14		Dec-15	Dec -14	
a) Gross written premium income	Rs. Cr						
First year premium		46	34	36%	127	97	31%
Renewal premium		68	56	21%	198	152	30%
Total		113	90	26%	325	249	30%
b) Net Earned Premium	Rs. Cr	102	82	26%	286	235	22%
c) Net Loss	Rs. Cr	(9)	(19)	53%	(49)	(67)	28%
d) Claim Ratio(B2C Segment, normalized)	%	55%	51%	-420 bps	56%*	52%	-450 bps
e) Avg. premium realization per life (B2C)	Rs.	6,756	6,478	4%	6,794	6,278	8%
f) Conservation ratio (B2C Segment)	%				83%	82%	170 bps
g) Number of agents	No.				11,975	9,756	23%
h) Paid up Capital	Rs. Cr				876	763	15%

*Adjusted for abnormal past claims for the previous year amounting to Rs. 9 Cr., settled in the current year

MAX INDIA LTD.

Max House, Okhla, New Delhi – 110 020

Phone: +91 11 26933601-10 Fax: +91 11 26933619

Website: www.maxindia.com