Max India Limited

Investor Release

August, 2014

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.

Max India – Q1FY15 Key Highlights

Max India	• Operating revenue up 15% to Rs. 1974 Cr • PBT grows 85% to Rs. 77 Cr
Max Life	• APE grows 22% vis-à-vis industry growth of 14%; market share amongst private life insurers increases to 12.3% • Shareholder Profit (Pre-Tax) for Q1FY15 grows 5% to 118 Cr • Significant improvement in persistency across cohorts drives up the conservation ratio from 74% to 80%
Max Healthcare	• Revenue up 31% to Rs.416 Cr • EBITDA up 136% to Rs. 40 Cr.; margin improves from 5.4% to 9.7% • New hospitals turn EBITDA positive with a Rs. 4 Cr. EBITDA in Q1'FY15 • Stake equalization with Life Healthcare under implementation; values the business at Rs. 2,884 Cr. (EV : Rs. 3,650 Cr.). • Max India and Max Healthcare to receive around Rs. 383 Cr. each and Max India's shareholding in Max Healthcare to get diluted to around 46%
Max Bupa	• GWP up 23% to Rs. 73 Cr. and Net Earned Premium up 55% to Rs.74 Cr • B2C market share grows from ~6% to ~8% • Conservation ratio improves from 80% to 86%

Consolidated Financial Snapshot (Q1FY15)

(Rs. Cr.)

Particulars	Quarter ended		Y-o-Y Growth
	Jun-14	Jun-13	
Total Revenue	3,686	2,333	58%
Operating Revenue	1,974	1,722	15%
EBITDA	142	97	48%
PBT	77	42	85%

Particulars	30-Jun-14	31-Mar-14	Growth
Net Worth	3,013	2,984	1%
Preference Shares	65	65	-
Loan Funds	703	702	-
Fixed Assets (Net Block)	1,470	1,495	-2%
Treasury Corpus (Debt M. Funds & Term Deposits)	235	247	5%
Life Insurance Investments (AUM)	26,697	24,716	8%

*Revenue comprises of operating revenue, investment & other income; It includes Investment gain on UL portfolio (MLIC) of Rs. 1360 Cr in Q1FY15, against Rs. 368 Cr in Q1FY14.

Max Life Insurance

Revenue and Profitability

- Max Life's Individual new business premium for Q1 grows 22% to Rs.357 Cr, outpacing the private industry growth of 14%
- Max Life's share of private sector grows to 12.3% in the quarter; gains 75 bps market share and is ranked 3rd amongst the private players
- Strong equity markets push up ULIP sales; product mix for the quarter: Par 60%, Non-par 4%, ULIP 36%
- Shareholder Profit Before Tax for Q1FY15 up 5% to Rs. 118 Cr.

Other Key Metrics

- AUM records a strong 25% y-o-y growth and stands at Rs. 26,697 Cr. as at June end
- Higher persistency across cohorts improves conservation ratio from 74% in Q1FY14 to 80% in Q1FY15
- Sum assured in-force over Rs. 190,000 Cr. as at June 30, 2014; grows 7% y-o-y
- Solvency surplus of Rs. 2,207 Cr. with solvency margin close to 500%

Max Life Insurance

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun-14	Jun-13	
a) Gross written premium income	Rs. Crore			
First year premium		355	302	18%
Renewal premium		990	941	5%
Single premium		113	82	38%
Total		**1,458**	**1,325**	**10%**
b) Shareholder Profit (Pre Tax)	Rs. Crore	118	112	5%
c) Expense to Gross Premium	%	30.7%	31.6%	3%
d) Individual Adjusted Premium (APE*)	Rs. Crore	357	294	22%
e) Conservation ratio	%	80%	74%	-
f) Average case size (Agency)	Rs.	29,774	26,664	12%
g) Case rate per agent per month	No.	0.29	0.37	-21%
h) Number of agents (Agency)	No.	45,239	39,132	16%
i) Paid up Capital	Rs. Crore	2,127	2,127	0%
j) Individual Policies in force	No. Lacs	36	35	2%
k) Sum insured in force (Including Group)	Rs. Crore	190,448	178,420	7%

*Individual APE (100% FYP+10%Individual Single Premium).

Max Healthcare

Revenue

- Revenue across network of hospitals for Q1FY15 grows 31% y-o-y to Rs. 416 Cr
- Existing hospitals deliver 19% growth driven by new hires in Renal, Onco, Neuro & Ortho
- New hospitals record 78% revenue growth with significant increase in volumes
- Average Revenue per Occupied bed day* for Q1FY15 at Rs. 27,894, up 5% y-o-y

Profitability

- Contribution for Q1FY15 at Rs. 257 Cr., grows 31% y-o-y and margin improves to 61.8%
- Q1FY15 EBITDA grows 136% to Rs. 40 Cr. New hospitals deliver positive EBITDA of Rs. 4Cr.
- Cash profit for Q1FY15 at Rs. 19 Cr versus cash loss of Rs. 5 Cr during Q1FY14

Other Drivers

- Avg. Occupancy** across all healthcare care facilities improves to 76.7% in Q1FY15 as against 69.6%, despite 15% increase in operational beds that now stand at 1598
- Average length of stay maintained at 3.5 days
- Registered patient base crosses 2.1 million

* Average Revenue per Occupied Bed Day = Inpatient Revenue/ Occupied Bed Days
**Occupancy has been calculated on average operational beds.

Max Healthcare* – *Financials*

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun-14	Jun-13	
a) Revenue (Gross)	Rs. Crore			
Inpatient Revenue		311	234	33%
Day Care Revenue		14	11	29%
Outpatient Revenue		91	71	28%
Other Operating Income		-	3	-
Total		**416**	**319**	**31%**
b) Profitability				
Contribution (%)	%	61.8%	61.5%	-
EBITDA	Rs. Crore	40	17	136%
EBITDA (%)	%	9.7%	5.4%	-
c) Patient Transactions (No. of Procedures)	No.			
Inpatient Procedures		31,894	25,458	25%
Day care Procedures		6,204	4,115	51%
Outpatient Registrations		1,082,130	875,835	24%
d) Average Inpatient Operational Beds	No.	1,598	1,394	15%
e) Average Inpatient Occupancy	%	76.7%	69.6%	-
f) Average Length of Stay	No.	3.50	3.47	(1%)
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	27,894	26,541	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

Max Bupa Health Insurance

Business Drivers

- GWP for Q1FY15 at Rs. 73 Cr, grows 23% y-o-y. Net earned prem. grows 55% to Rs. 74 Cr
- Decline in first year premium caused by de-emphasising on B2B business as part of a conscious strategy; B2C continues to deliver growth
- Conservation ratio for Q1FY15 at 86% against 80% in Q1FY14
- Urban lives-in-force cross 700K, over 146K lives covered in Q1FY15
- Claim ratio in B2C business stands at 51% vis-à-vis 58% in Q1FY14

Products & Distribution

- B2C market share grows from ~6% in Q1FY14 to ~8% in Q1FY15
- Bancassurance channel gaining traction
- Share of Platinum, Gold and Silver products in GWP increases to 83% in Q1FY15
  - Distribution Network
  - Office network stable at 24 given expanded footprint through Banca
  - Provider network expanded further to around 3,500 hospitals

Max Bupa Health Insurance

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun-14	Jun-13	
a) Gross written premium income	Rs. Crore			
First year premium		29	32	(10%)
Renewal premium		44	28	60%
Total		**73**	**60**	**23%**
b) Net Earned Premium	Rs. Crore	74	48	55%
c) Net Profit / Loss Before Tax	Rs. Crore	(26)	(31)	16%
d) Conservation ratio (B2C Segment)	%	86%	80%	-
e) Average premium realization per life (B2C)	Rs.	5,417	5,391	-
f) Claim ratio (B2C)	%	51%	58%	-
g) Number of agents	No.	11,475	9,980	15%
h) Paid up Capital	Rs. Crore	694	531	31%
g) No. of Lives in force (excl. Rural & Social)	No.	709,972	509,309	39%

Max Specialty Films

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun-14	Jun-13	
a) Sales Quantity – BOPP	Tons	11,334	11,222	2%
b) Revenue	**Rs. Cr.**	190	159	20%
c) Profitability:				
Contribution Margin	Rs. Cr.	34	26	34%
	%	18%	16%	
EBITDA	**Rs. Cr.**	18	12	53%
	%	9%	7%	
PBT	**Rs. Cr.**	2.8	1.5	83%
	%	1.5%	1%	

- Revenue up 20% over Q1FY14 on the back of higher realizations
- EBITDA grows 53% to Rs. 18 Cr on the back of higher realizations while EBITDA margin improves to 9% vis-à-vis 7% in Q1FY14
- Higher EBITDA translates to 83% growth in PBT to Rs.2.8 Cr
- Domestic market share at 69% versus 61% in Q1FY14

Max Neeman

Financial Performance

- Revenue for Q1FY15 at Rs. 3.6 Cr., marginally lower than Rs.3.7 Cr in Q1FY14 as industry continues to remain sluggish due to regulatory issues
- Cost control initiatives result in net loss being lower at Rs1.6 Cr vis-à-vis Rs.1.8 Cr in Q1FY 14

Operational Performance

- Current order book stands at Rs. 19 Cr
- Client base stands at 122
- 340 studies being executed across 554 sites
- Database of principal investigators maintained at 2,000 physicians
- Patient retention rate maintained at 92% in Q1FY15

Annexure

Max Healthcare* – *Existing Hospitals*^

MAX HEALTHCARE Caring for you... for life

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun-14	Jun-13	
a) Revenue (Gross)	Rs. Crore			
Inpatient Revenue		220	185	19%
Day Care Revenue		12	10	28%
Outpatient Revenue		74	61	22%
Other Operating Income		(2)	1	-
Total		**304**	**257**	**19%**
b) Profitability				
Contribution (%)	%	62.0%	60.8%	-
EBITDA	Rs. Crore	37	25	47%
EBITDA (%)	%	12.3%	9.9%	-
c) Patient Transactions (No. of Procedures)	No.			
Inpatient Procedures		21,701	19,626	11%
Day care Procedures		4,956	3,516	41%
Outpatient Registrations		828,554	703,382	18%
d) Average Inpatient Operational Beds	No.	1,072	1,014	6%
e) Average Inpatient Occupancy	%	77.2%	73.3%	-
f) Average Length of Stay	No.	3.47	3.45	-
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	29,261	27,300	7%

*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

^ Excludes Mohali, Bathinda, Dehradun and Shalimar Bagh

Max Healthcare – *New Hospitals^*

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun-14	Jun-13	
a) Revenue (Gross)	Rs. Crore			
Inpatient Revenue		91	50	83%
Day Care Revenue		1	1	43%
Outpatient Revenue		17	10	69%
Other Operating Income		(1)	0	-
Total		**108**	**61**	**78%**
b) Profitability				
Contribution (%)	%	61.5%	63.0%	-
EBITDA	Rs. Crore	4	(8)	-
EBITDA (%)	%	3.9%	(12.8%)	-
c) Patient Transactions (No. of Procedures)	No.			
Inpatient Procedures		10,193	5,832	75%
Day care Procedures		1,248	599	108%
Outpatient Registrations		253,576	172,453	47%
d) Average Inpatient Operational Beds	No.	526	380	38%
e) Average Inpatient Occupancy	%	75.8%	59.6%	-
f) Average Length of Stay	No.	3.56	3.54	-
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	25,055	24,050	4%

^ Only results for Mohali, Bathinda, Dehradun and Shalimar Bagh hospitals

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