

Max India Limited

Investor Release August 2015

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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.

Consolidated Financial Snapshot (Q1FY16)

(Rs. Cr.)

Particulars	Quarter ended			Y-o-Y Growth
	June'15	June'14	June'14 (Adjusted) ^	
Operating Revenue	1,943	1,974	1,828	6%
EBITDA	144	142	127	13%
PBT	93	77	81	15%

Particulars	30-Jun-15	31-Mar-15	Growth
Net Worth	3,349	3,302	1%
Loan Funds	532	544	-2%
Fixed Assets (Net Block)	861	867	-1%
Treasury Corpus (Debt M. Funds & Term Deposits)	652	683	-5%

Update on Demerger

- Approval received from : Shareholders, Creditors, SEBI, Stock Exchanges, Competition Commission and Lenders. High Court, FIPB and IRDA approval being progressed
- Second Petition filed with the High Court
- Basis the current progress, the effective date of demerger is likely to be in October

^ Results for Q1FY15 have been adjusted for Max Healthcare's consolidation on proportionate basis to facilitate a like to like comparison with Q1FY16. MHC became a Joint venture w.e.f. Nov '14 leading to a proportionate consolidation of its financials in Q1FY16 as against full consolidation in Q1FY15

Revenue and Profitability

- GWP for Q1FY16 grows 5% to Rs. 1,531 Cr despite APE* decline of 11.5% backed by 8% growth in renewals. APE decline largely on account of base effect, temporary slowdown in sales from Axis and reduced contribution from partnership distribution
- Product mix for the quarter : Par 62%, Non-par 13%, ULIP 24% (PY:60:4:36)
- Policyholder Cost (Opex + Commission) ratio improves 200 bps from 29.7% in Q1FY15 to 27.7% in Q1FY16 as operating expenses reduce from 20.8% to 19.7% led by continuous cost-save initiatives
- Shareholder pre-tax Profit maintained at Rs. 118 Cr. despite slower growth because

Other Key Metrics

- AUM at Rs. 31,973 Cr. as at June 30, 2015; grows 20% y-o-y
- Around 3.7 million policies in-force as at June 30, 2015
- Strong capital position with solvency surplus at Rs. 2,214 Cr. and solvency margin at 426% at June end
- Max Life wins many prestigious awards in 2015...
 - *Bancassurance Leader Award* and *Agency Productivity Award (THE INDIAN INSURANCE AWARDS)*
 - *Ranked 51st Amongst 'India's top 100 Best Companies to work for 2015' (GREAT PLACE TO WORK)*
 - *Best Life Insurance Company India, 2015 (WORLD FINANCE GLOBAL INSURANCE AWARDS)*
 - *Quality Impact Story Board and Use of Emerging Technology (THE ASQ WORLD CONFERENCE 2015)*
 - *Ranked No.1# in claims settlement in FY15*

*Individual First Year Premium adjusted for 10% single pay

**Conservation Ratio = Renewal Premium for the current period / (First Year + Renewal Premium for the previous period)

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		June'15	June'14	
a) Gross written premium income	Rs. Cr.			
First year premium		316	355	-11%
Renewal premium		1,071	990	8%
Single premium		144	113	28%
Total		1,531	1,458	5%
b) Shareholder Profit (Pre Tax)	Rs. Cr.	118	118	-
c) Policy Holder Expense to Gross Premium	%	19.7%	20.8%	110 bps
d) Individual Adjusted Premium (APE*)	Rs. Cr.	316	357	-12%
e) Conservation ratio**	%	80%	80%	-
f) Agency case size	Rs.	32,342	29,774	9%
g) Case rate per agent per month	No.	0.31	0.29	9%
h) Number of agents (Agency)	No.	43,183	45,239	-5%
i) Paid up Capital (incl Reserve & Surplus)	Rs. Cr.	2,115	2,050	3%
j) Individual Policies in force (Individual)	Lacs	36.6	36.0	2%
k) Sum insured in force (Individual)	Rs. Cr.	1,61,894	1,57,004	3%

*Individual First Year Premium adjusted for 10% single pay

**Conservation Ratio = Renewal Premium for the current period / (First Year + Renewal Premium for the previous period)

Revenue

- Revenue across network of hospitals for Q1FY16 grows 18% y-o-y to Rs. 472 Cr.
- Avg. Occupancy** across healthcare facilities in Q1FY16 at 71% against 76.7% as ALOS and operational beds improve/increase by 10% each
- Improved business mix and efficient ALOS result in 16% increase in Average Revenue per Occupied bed day* as it crosses to Rs. 32K

Profitability

- MHC turns profit of Rs. 10 Cr. in Q1FY16 against a loss of Rs. 5 Cr. in Q1FY15
- Cash Profit for the quarter at Rs. 32 Cr., grows 72% y-o-y
- Q1FY16 EBITDA at Rs. 45 Cr., grows 8% and EBITDA Margin at 9.5% against 10.0% mainly because of steep revenue growth of 31% in new hospitals caused by significant hiring in later part of FY15 to build new programs. EBITDA Margin for existing hospitals maintained at 12.7%

Others

- MHC acquires 77.4%*** stake in 340-bedded (expandable to 540) Pushpanjali Crosslay Hospital in August through Primary Investment & Secondary Acquisition for a total investment of Rs. 258 Cr.
- Average length of stay improves 10% to 3.18 days in Q1FY16
- 2,276 Physicians on roll vis-à-vis 2,056 as at June 30, 2015

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

**Occupancy has been calculated on average operational beds

*** Stake to further increase to 77.9% with an incremental investment of Rs. 2 Cr.

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		June'15	June'14	
a) Financial Performance	Rs. Cr			
Revenue		472	401	18%
Contribution	%	63.8%	63.7%	10 bps
EBITDA	Rs. Cr	45	40	12%
EBITDA	%	9.5%	10.0%	(50 bps)
Cash Profit	Rs. Cr	32	19	72%
Profit	Rs. Cr	10	(5)	-
b) Financial Position				
Net Worth	Rs. Cr	760	422	80%
Net Debt	Rs. Cr	418	644	(35%)
Fixed Assets - Gross Block	Rs. Cr	1,462	1,395	5%
c) Patient Transactions (No. of Procedures)	No.			
Inpatient Procedures		35,721	31,894	12%
Day care Procedures		6,750	6,204	9%
Outpatient Registrations		12,58,371	10,82,130	16%
d) Average Inpatient Operational Beds	No.	1,755	1,598	10%
c) Average Inpatient Occupancy	%	71.0%	76.7%	-
d) Average Length of Stay	No.	3.18	3.50	10%
e) Avg. Revenue/Occupied Bed Day (IP)	Rs.	32,221	27,894	16%

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		June'15	June'14	
Existing Hospitals*				
a) Financial Performance				
Revenue	Rs. Cr	331	293	13%
Contribution	%	65.4%	64.1%	130 bps
EBITDA	Rs. Cr	42	37	13%
EBITDA	%	12.7%	12.8%	-
Profit	Rs. Cr	19	5	296%
b) Average Inpatient Operational Beds	No.	1,095	1,072	2%
c) Average Inpatient Occupancy	%	72.8%	77.2%	-
d) Avg. Revenue/Occupied Bed Day (IP)	Rs.	34,026	29,261	16%
New Hospitals^				
a) Financial Performance				
Revenue		137	105	31%
Contribution	%	60.6%	63.2%	(260 bps)
EBITDA	Rs. Cr	3	4	(25%)
EBITDA	%	2.3%	4.0%	-
Profit	Rs. Cr	(9)	(8)	-
b) Average Inpatient Operational Beds	No.	660	526	25%
c) Average Inpatient Occupancy	%	68.1%	75.8%	-
d) Avg. Revenue/Occupied Bed Day (IP)	Rs.	29017	25,055	16%

*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 Specialty Hospital, Patparganj, unit of Balaji Medical and Diagnostic Research Centre

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

Revenue and Profitability

- Gross Written Premium for Q1FY16 grows 38% to Rs. 101 Cr. driven by 34% growth in new sales and 40% growth in renewals
- Average premium realisation increases 26%
- Conservation ratio for Q1FY16 highest ever at 93%
- Urban lives-in-force at 817K, 196K lives covered in Q1FY16
- Stern focus on costs lead to reduction in loss from 27 Cr. in Q1FY15 to Rs. 22 Cr. in Q1FY16 despite increase in claims in Q1FY16 because of spillover of Rs. 9 Cr. claims from FY15

Other Key Metrics

- B2C market share amongst private players increased to 8.6% in Q1FY16 vs. 7% in Q1FY15
- Bancassurance continues to gain traction as Banca and Alliances' contribution to GWP increases to 23% in Q1FY16 vis-à-vis 17% in Q1FY15
- 'Claims Service Leader of the Year' award for Health Insurance at the 5th Indian Insurance Awards

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		June'15	June'14	
a) Gross written premium income	Rs. Cr			
First year premium		39	29	34%
Renewal premium		62	44	40%
Total		101	73	38%
b) Net Earned Premium	Rs. Cr	89	74	20%
c) Net Profit / Loss Before Tax	Rs. Cr	(22)	(27)	-
d) Claim Ratio (B2C Segment, normalized)	%	54%	51%	(320 bps)
e) Average premium realization per life (B2C)	Rs.	6,811	5,403	26%
f) Conservation ratio (B2C Segment)	%	93%	86%	840 bps
g) Number of agents	No.	12,018	11,475	5%
h) Paid up Capital	Rs. Cr	807	694	16%

*Adjusted for abnormal past claims for the previous year, settled in the current year

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		June'15	June'14	
a) Sales Quantity – BOPP	Tons	11,531	10,919	6%
b) Revenue	Rs. Cr.	195	190	3%
c) Profitability:				
Contribution Margin	Rs. Cr.	48	34	41%
	%	25%	18%	
EBITDA	Rs. Cr.	28	18	56%
	%	14%	9%	
PBT	Rs. Cr.	14	3	5x
	%	7%	1%	

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