



Max India Limited

Investor Release November 2012

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 – Key Highlights

Max India to
pay special
dividend of
500%

- Max India to pay special dividend of Rs. 10 per share aggregating to total payout of Rs. 297 Cr. (including DDT)
- Max India to divest its speciality films business for an enterprise value of Rs. 540 Cr.
- Max Life pays its maiden dividend of Rs. 99 Cr., Max India share Rs. 70 Cr.
- Max Life gains market share up 80 bps in Q2FY13 to 9.1%
- APE growth of 7.5% to Rs. 366 Cr.; industry degrowth 2%
- Max Healthcare revenue for the month of October crosses Rs. 100 Cr. mark
- EBITDA for existing hospitals doubles to Rs. 18 Cr. in Q2FY13
- Number of lives covered by Max Bupa during the quarter crosses 100,000 mark



Consolidated Financial Snapshot (Q2 & H1'FY13)

(Rs. Cr.)

Particulars	Quarter ended		Y-o-Y Growth	Half Year ended		Y-o-Y Growth
	Sep-12	Sep-11		Sep-12	Sep-11	
Total Revenue	2660	2,011	32%	5,479	4,033	36%
Operating Revenue	1,930	1,806	7%	3,661	3,482	5%
EBITDA	100	111	-11%	1,025	262	291%
PBT	43	82	-54%	918	179	412%

Particulars	30- Sep-12	31- Mar-12	Growth
Net Worth	2,898	2,513	15%
Preference Shares	125	125	-
Loan Funds	572	549	4%
Fixed Assets (Net Block)	1,312	1,256	5%
Treasury Corpus (Debt M. Funds & Term Deposits)	788	397	98%
Life Insurance Investments (AUM)	19,184	17,215	11%

Revenue and Profitability

- Individual First Year Premium (adjusted for single pay) for Q2FY13 at Rs. 366 Cr., grows 7.5% y-o-y as new products filed consequent to changes in union budget got IRDA approvals
- Gross Premium Income for Q2FY13 at Rs. 1,557 Cr. grows 4% y-o-y
- Product mix for the quarter: Par 78%, Non-par 11%, ULIP 11%
- Expenses of Management Ratio for Q2FY13 at 28.7% against 29.4% for Q2FY12
- Shareholder PBT for Q2FY13 at Rs. 114 Cr., lower than Rs. 133 Cr. in Q2FY12 mainly on account of rebranding and associated costs incurred consequent to change in JV partner

Other Business Drivers

- AUM at Rs. 19,184 Cr. as at Sep 30, 2012 grows 30% y-o-y
- Over 3.5 million policies in-force grows 3% y-o-y
- Sum assured in-force over Rs. 158,000 Cr. as at Sep 30, 2012 grows 7% y-o-y
- Business capitalised at Rs. 2,127 Cr. as at Sep 30, 2012; solvency surplus of Rs. 1,716 Cr. and solvency margin of 554% post dividend distribution

Agency Performance

- Agency base expands to around 40,000 agents; ~1,260 agents added during the quarter
- Average case size improves to Rs. 24,000 and average case rate declines to 0.45



Max Life Insurance



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
		Sep-12	Sep-11		Sep-12	Sep-11	
a) Gross written premium income	Rs. Crore						
First year premium		370	372	-1%	644	690	-7%
Renewal premium		1,095	1,048	5%	2,089	2,030	3%
Single premium		93	80	16%	168	153	10%
Total		1,557	1,500	4%	2,901	2,873	1%
b) Shareholder Profit	Rs. Crore	114	133	-14%	242	263	-8%
c) Expenses of Management	%	28.7%	29.4%		29.3%	30.4%	
d) Individual Adjusted Premium (APE*)	Rs. Crore	366	341	7.5%	633	670	(6)%
e) Conservation ratio**	%	77%	82%		77%	80%	
f) Average case size	Rs.	23,848	23,248	3%	24,001	23,141	4%
g) Case rate per agent per month	No.	0.44	0.50	-12%	0.45	0.52	-13%
h) Number of agents	No.				40,032	40,003	0%
i) Paid up Capital	Rs. Crore				2,127	1,976	8%
j) Individual Policies in force	No. Lacs				35	34	3%
k) Sum insured in force	Rs. Crore				158,054	147,624	7%

*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 Q2FY13 at Rs. 274 Cr., grows 38% y-o-y
- Average Revenue per Occupied bed day* for Q2FY13 at Rs. 24,278 grows 7% y-o-y

Profitability

- Contribution Margin for Q2FY13 at Rs. 168 Cr. grows 42% y-o-y
- Contribution margin improves from 60% in Q2FY12 to 61% in Q2FY13
- EBITDA drops from Rs. 8.7 Cr. in Q2FY12 to Rs. 5.7 Cr. in Q2FY13 mainly on account of increase in EBITDA loss from new hospitals with recently launched Dehradun hospital becoming fully operational as well as certain one-off items
- EBITDA for existing hospitals doubles to Rs. 18 Cr. in Q2FY13 despite one-offs

Other Drivers

- Average Occupancy** across all healthcare care facilities at 70% in Q2FY13, improves from 68% in Q1FY13, however lower than 74% in Q2FY12 mainly on account of 38% addition in operational beds to 1,261
- Average length of stay in Q2FY13 improves 5% to 3.4 days
- Registered patient base expands 32% to around 1.5 million patients with average patient transactions over 300,000 a month

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

**Occupancy has been calculated on average operational beds.



Max Healthcare*



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
		Sep-12	Sep-11		Sep-12	Sep-11	
a) Revenue (Gross)	Rs. Crore						
Inpatient Revenue		197.7	141.5	40%	386.6	277.1	39%
Day Care Revenue		8.5	5.9	44%	17.5	11.7	49%
Outpatient Revenue		65.1	50.3	30%	128.3	98.5	30%
Other Operating Income		2.4	-		4.2	-	
Total		273.7	197.7	38%	536.5	387.4	39%
b) Profitability							
Contribution Margin	Rs. Crore	167.5	118.4	42%	326.5	230.4	42%
Contribution (%)	%	61.2%	59.9%		60.9%	59.5%	
EBITDA	Rs. Crore	5.1	8.7	(41%)	24.5	19.8	24%
EBITDA (%)	%	1.9%	4.4%		4.6%	5.1%	
c) Patient Transactions (No. of Procedures)	No.						
Inpatient Procedures		23,820	17,410	37%	45,350	33,681	35%
Day care Procedures		3,572	2,535	41%	7,362	5,149	43%
Outpatient Registrations		907,999	772,302	18%	1,773,450	1,563,138	13%
d) Average Inpatient Operational Beds	No.	1,261	915	38%	1,225	919	33%
e) Average Inpatient Occupancy	%	70.2%	74.2%		69.3%	71.2%	
f) Average Length of Stay	No.	3.42	3.59	5%	3.43	3.56	4%
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	24,278	22,643	7%	24,874	23,132	8%

*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

Business Drivers

- Gross Written Premium for Q2'FY13 at Rs 41 Cr, grows 85% y-o-y
- Conservation ratio for Q2'FY13 at 80%
- Over 100,000 lives covered in Q2'FY13, grows 131%; lives-in-force over 355,000

Capital Requirement

- Peak equity commitment of Rs. 690 Cr.; Rs. 476 Cr. infused as of date

Products & Distribution

- Fixed benefit product IRDA approval received and launched in July 2012
- Heartbeat V2 is well accepted in the market, Heartbeat V3 with enhanced features filed with IRDA for approval; expected to launch in Q4'13
- Group Health Insurance and Group Personal Accident filed with IRDA for approval
- Distribution Network
 - Office network expanded to 20;
 - Pilot Project under implementation to capitalize on group synergies currently covering 25 agency offices of Max Life
- Provider network expanded further to ~ 1,350 hospitals



Max Bupa Health Insurance



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
		Sep-12	Sep-11		Sep-12	Sep-11	
a) Gross written premium income	Rs. Crore						
First year premium		27.8	18.2	52%	52.6	30.4	73%
Renewal premium		13.0	3.9	238%	24.4	5.4	356%
Total		40.8	22.1	85%	77.0	35.8	115%
b) Net Earned Premium	Rs. Crore	29.5	10.6	179%	54.5	17.5	212%
c) Average premium realization per life	Rs.	4,880	5,771	(15)%	5,040	5,770	(13)%
d) Conservation ratio	%	80%	63%		77%	64%	
e) Number of agents	No.				7,415	6,628	12%
f) Paid up Capital	Rs. Crore				448.5	329.1	36%
g) No. of Lives	No.	100,637	43,513	131%	186,780	69,059	170%

Financial Performance

- Revenue for H1FY13 at Rs. 12 Cr., grows 36% y-o-y
- Net Loss for H1FY13 at Rs. 1 Cr. against net loss of Rs. 2 Cr. in H1FY12

Operational Performance

- Current order book around Rs. 40 Cr.
- Client base stands at 105 with gross addition of 2 during Q2FY13
- 302 studies being executed across 523 sites
- Database of principal investigators expands to 1,850 physicians
- Patient retention rate improves to 95% in Q2FY13 from 92% in Q2FY12

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