

Max India Limited

Investor Release

Quarter and Half Year ended September 30, 2016

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Max India – Key Highlights

- 1 Merger Update : Applications filed with CCI, SEBI and IRDA, in-principle approvals currently expected in Nov 16. Filing with High Courts thereafter. Expected completion 9-12 months.
- 2 Max Healthcare : Robust revenue growth of 26% to Rs. 1,300 Cr in H1FY17
- 3 Max Healthcare : EBITDA grows at a strong 44% to Rs. 140 Cr. in H1FY17; margins improve by ~ 140 bps to 11.2%
- 4 Max Bupa : Gross Written Premium grows 23% to Rs 260 Cr. in H1FY17. Bank of Baroda sales commenced and systems integrated with bank's core system
- 5 Max Bupa : Losses (excluding one-off items) reduce significantly to Rs. 16 Cr in H1FY17 from Rs. 40 Cr in H1FY16
- 6 Antara : Dehradun community receives occupancy certificate and first set of possession letters have been issued

MHC Network* (Financial Snapshot – Q2 & H1 FY17)

Revenue

- Q2FY17 revenue at Rs 667 Cr grows a strong 24% y-o-y
- Oncology continues to be the highest revenue contributor ~ 13% to revenue
- Pathology- B2B launched in May'16 (200+ tie ups); B2C launch also in FY17
- Avg. Occupancy across network in Q2FY17 improves to 77.9% despite 18% increase in operational beds in Q2 FY17 y-o-y

Profitability

- Q2FY17 EBITDA at Rs. 80 Cr, grows 52%, driven by 90 bps improvement in margins from mature hospitals (to 14.7% in Q2FY17) and 742 bps improvement in margins from new hospitals (to 10.2% in Q2FY17)
- Q2FY17 EBIDTA Margin improved by 238 bps to 12.4% (Q2FY16 10%)
- Q2FY17 PBT grows 7x to Rs 15 Cr vs Rs 2 Cr in Q2FY16
- H1FY17 EBITDA at Rs. 140 Cr, grows 44% y-o-y. H1FY17 EBITDA margin improved by 238 bps to 11.2% (H1FY16 9.8%)
- H1FY17 PBT at Rs 11 Cr vs Rs 12 Cr in H1FY16 due to increase in interest cost by Rs 33 Cr on borrowings to part finance two acquisitions

*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;

MHC Network* – Performance Dashboard (Q2 & H1FY17)

Rs Cr

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
	Sep-16	Sep-15		Sep-16	Sep-15	
a) Financial Performance						
Revenue (Gross)	667	539	24%	1,300	1,032	26%
Revenue (Net)	640	522	23%	1,248	994	26%
Direct Costs						
Material Cost	159	140	14%	319	272	17%
Clinician Payout	54	44	22%	102	83	24%
Contribution	427	338	26%	827	639	29%
<i>Contribution Margin[^]</i>	66.7%	64.8%	196 bps	66.3%	64.3%	193 bps
Indirect Costs						
Personnel Cost	204	167	22%	404	319	27%
Other Indirect overheads	113	93	21%	222	173	28%
HO Costs	31	25	24%	60	50	21%
EBITDA	80	52	52%	140	97	44%
<i>EBITDA Margin[^]</i>	12.4%	10.0%	238 bps	11.2%	9.8%	143 bps
Finance Cost	35	24	45%	70	37	88%
Cash Profit	44	28	57%	71	60	17%
Depreciation	30	26	14%	60	48	24%
PBT	15	2	7x	11	12	-12%
b) Financial Position						
Net Worth				1,108	780	42%
Net Debt				1,078	732	47%
Tangible Fixed Assets - Gross Block				1,985	1,257	58%

*The above results are for MHC Network of hospitals and includes results for Max Super Speciality 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; ^ on the basis of net revenue

MHC Network* – Performance Dashboard (Q2 & H1FY17)

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
	Sep-16	Sep-15		Sep-16	Sep-15	
a) Patient Transactions (Nos in lacs)						
Inpatient Discharges	0.51	0.43	19%	0.99	0.78	26%
Day care Procedures	0.13	0.07	76%	0.25	0.14	79%
Outpatient Footfalls	17.63	14.17	24%	33.49	26.76	25%
Total	18.26	14.67	24%	34.73	27.68	25%
b) Average Inpatient Operational Beds	2,354	2,000	18%	2,337	1,878	24%
c) Average Inpatient Occupancy	77.9%	74.5%	340 bps	74.7%	73.3%	137 bps
d) Average Length of Stay (days)	3.32	3.21	-3%	3.24	3.02	-7%
e) Average Revenue/Occupied Bed Day (Rs)	39,522	39,320	1%	40,696	43,557	-7%
f) Other Operational Data						
Physicians				2,571	2,283	13%
Employees				8,436	6,517	29%
Customer Base (in lacs)				32.9	27.0	22%

*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; ^ on the basis of net revenue

MHC Network* – Performance Dashboard (Q2 & H1FY17)

Key Business Drivers	Unit	Quarter Ended		Y-o-Y	Half Year Ended		Y-o-Y
		Sep-16	Sep-15	Growth	Sep-16	Sep-15	Growth
Mature Hospitals*							
a) Financial Performance							
Revenue(Net)	Rs. Cr	370	344	8%	728	675	8%
EBITDA	Rs. Cr	54	47	15%	102	89	14%
EBITDA Margin	%	14.7%	13.8%	90 bps	14.0%	13.2%	72 bps
b) Average Inpatient Operational Beds	No.	1,116	1,094	2%	1,111	1,095	2%
c) Average Inpatient Occupancy	%	80.4%	78.3%	206 bps	77.7%	75.6%	212 bps
d) Average Revenue/Occupied Bed Day	Rs.	46,539	45,035	3%	47,763	46,194	3%
e) Return on Capital Employed (Annualised)	%	22.9%	18.1%	473 bps	21.0%	16.8%	423 bps
New Hospitals^							
a) Financial Performance							
Revenue(Net)		264	174	51%	511	312	64%
EBITDA	Rs. Cr	27	5	5x	40	8	5x
EBITDA Margin	%	10.2%	2.8%	742 bps	7.9%	2.6%	530 bps
b) Average Inpatient Operational Beds	No.	1,238	906	37%	1,226	784	56%
c) Average Inpatient Occupancy	%	75.7%	69.9%	577 bps	71.9%	69.2%	270 bps
d) Avg. Revenue/Occupied Bed Day	Rs.	32,116	30,955	4%	33,169	32,778	1%
e) Return on Capital Employed (Annualised)	%	3.2%	-3.0%	623 bps	1.4%	-2.7%	416 bps

*The above results are for MHC Network (Saket West, Panchsheel, Gurgaon, Noida, Pitampura) 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

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

Max Bupa (Financial Snapshot – Q2 & H1FY17)

Revenue

- Gross Written Premium (GWP) for Q2FY17 grows 24% to Rs. 138 Cr. driven by 18% growth in new sales and 28% growth in renewals
- Average premium realisation (B2C segment) for Q2FY17 at Rs 6,940 increases 2%
- Urban lives-in-force at 1.15 million, 312K lives covered in Q2FY17
- Conservation ratio (B2C segment) for Q2FY17 improves by 300 bps to 84%
- Market share at 4.1%; moved 2 ranks to 8th amongst private players
- Health Assurance V2 launched; Heartbeat V4 & Health Companion V3 filed with IRDAI, launch in Q3FY17

Profitability / Others

- MBHI posts profit of Rs. 23 Cr in Q2FY17 vs. PY loss of Rs. 18 Cr due to one-off change in accounting treatment for unearned premiums contributing Rs. 27 Cr. and release of reserves contributing Rs. 7 Cr. Without these one-offs, loss reduced to Rs. 11 Cr.
- B2C Claim ratio at 58% in Q2FY17 vs 57% in Q2FY16

Max Bupa – Performance Dashboard (Q2 & H1 FY17)

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
	Sep-16	Sep-15		Sep-16	Sep-15	
a) Gross written premium income						
First year premium	50	42	18%	92	81	13%
Renewal premium	88	69	28%	168	130	29%
Total	138	111	24%	260	212	23%
b) Net Earned Premium*	148	95	56%	260	184	41%
c) Net Loss*	23	(18)	231%	18	(40)	144%
d) Claim Ratio(B2C Segment, normalized)	58%	57%	-2%	57%	61%	7%
e) Avg. premium realization per life (B2C)	6,940	6,820	2%	6,937	6,816	2%
f) Conservation ratio (B2C Segment)	84%	81%	3%	84%	81%	4%
g) Lives In force in millions (including RSBY)				2.2	1.9	15%
h) Number of agents				14,705	11,717	26%
i) Paid up Capital				926	831	14%

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