

# Max India Limited

## Investor Release

***Quarter and Nine months ended December 31, 2016***

### *Disclaimer*

*This release is a compilation of financial and other information all of which has not been subjected to audit 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

- 1 Merger Update : Applications filed with CCI, SEBI and IRDA, IRDAI expressed reservation on proposed structure; representations made, structure is fully compliant; response from IRDAI expected by Feb'17. Filing with NCLT thereafter. Expected completion Q4FY18.
- 2 Max Healthcare : Robust revenue growth of 23% to Rs. 1,939 Cr in 9MFY17 despite slowdown in last 2 months due to demonetization
- 3 Max Healthcare : EBITDA grows at a strong 34% to Rs. 203 Cr. in 9MFY17; margins improve by ~ 103 bps to 11.0%
- 4 Max Bupa: Gross Premium grows 23% to Rs 401 Cr in 9MFY17. Bank of Baroda has been ramped up to 47 regions (out of 74) with presence in all 13 zones
- 5 Max Bupa : Losses (excluding one-off items) reduce significantly to Rs. 18 Cr in 9MFY17 from Rs. 52 Cr in 9MFY16
- 6 Antara : Dehradun community set to commence operations by Q4FY17; Possession letters have been issued

# MHC Network\* (Financial Snapshot – Q3 & 9MFY17)

## Revenue

- Gross revenue for the quarter at Rs 639 Cr grows 16% y-o-y, demonetisation impact felt across locations
- Pathology -B2B launched in May'16 (250+ tie-ups); B2C launch in Q4'17
- Avg. Revenue/Occupied Bed day across network in Q3FY17 improves to Rs 42,815, grows 7% y-o-y

## Profitability

- Q3FY17 EBITDA at Rs. 63 Cr, grows 17%, driven by 194 bps improvement in margins from new hospitals (to 6.7% in Q3FY17), however impacted by lower revenue due to demonetization.
- Q3FY17 EBIDTA Margin improvement moderated to 26 bps to 10.5% (Q3FY16 10.3%) because of revenue shortfall impacting Gross Margin
- 9MFY17 EBITDA at Rs. 203 Cr, grows 34% y-o-y. 9MFY17 EBITDA margin improved by 103 bps to 11.0% (9MFY16 - 10.0%)
- 9MFY17 PBT at Rs 9 Cr vs Rs 7 Cr in 9MFY16, despite increase in interest cost by Rs 35 Cr on borrowings to part finance two acquisitions

## Award and Accolades

- 3 Maximiser quality projects selected for ASQ – International Team Excellence Awards, 2016
- Won 'ABP News Healthcare Leadership Award 2016' for Best Green Hospital – Patparganj; Best Customer service and Use of Six Sigma in Healthcare

\*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 Specialty Hospital, Patparganj, unit of Balaji Medical and Diagnostic Research Centre & Saket City Hospital unit of Gujarmal Modi Hospital & Research Centre;

# MHC Network\* – Performance Dashboard (Q3 & 9MFY17)

Rs Cr

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Nine months Ended		Y-o-Y Growth
	Dec-16	Dec-15		Dec-16	Dec-15	
<b>a) Financial Performance</b>						
<b>Revenue (Gross)</b>	<b>639</b>	<b>549</b>	<b>16%</b>	<b>1,939</b>	<b>1,581</b>	<b>23%</b>
Revenue (Net)	602	529	14%	1,850	1,523	21%
<b>Direct Costs</b>						
Material Cost	147	138	6%	466	410	14%
Clinician Payout	47	41	16%	149	123	21%
<b>Contribution</b>	<b>408</b>	<b>351</b>	<b>16%</b>	<b>1,235</b>	<b>990</b>	<b>25%</b>
<i>Contribution Margin<sup>^</sup></i>	67.8%	66.2%	157 bps	66.8%	65.0%	177 bps
<b>Indirect Costs</b>						
Personnel Cost	206	173	20%	611	491	24%
Other Indirect overheads	107	93	16%	330	266	24%
HO Costs	31	31	1%	91	81	13%
<b>EBITDA</b>	<b>63</b>	<b>54</b>	<b>17%</b>	<b>203</b>	<b>152</b>	<b>34%</b>
<i>EBITDA Margin<sup>^</sup></i>	10.5%	10.3%	26 bps	11.0%	10.0%	103 bps
Finance Cost	34	31	9%	103	68	52%
<b>Cash Profit</b>	<b>30</b>	<b>23</b>	<b>27%</b>	<b>100</b>	<b>84</b>	<b>20%</b>
Depreciation	32	28	13%	92	76	20%
<b>Profit /(loss) before tax</b>	<b>(2)</b>	<b>(5)</b>	<b>59%</b>	<b>9</b>	<b>7</b>	<b>16%</b>
<b>b) Financial Position</b>						
Net Worth				1,106	1,071	3%
Net Debt				1,091	1,048	4%
Tangible Fixed Assets - Gross Block				2,014	1,918	5%

\*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 (Q3 & 9MFY17)

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Nine months Ended		Y-o-Y Growth
	Dec-16	Dec-15		Dec-16	Dec-15	
a) Patient Transactions (Nos in lacs)						
Inpatient Discharges	0.46	0.42	8%	1.44	1.21	20%
Day care Procedures	0.11	0.09	26%	0.36	0.23	58%
Outpatient Footfalls	15.07	13.47	12%	48.56	40.23	21%
<b>Total</b>	<b>15.64</b>	<b>13.98</b>	<b>12%</b>	<b>50.37</b>	<b>41.67</b>	<b>21%</b>
b) Average Inpatient Operational Beds	2,352	2,298	2%	2,342	2,272	3%
c) Average Inpatient Occupancy	68.8%	69.5%	-61 bps	72.7%	71.7%	105 bps
d) Average Length of Stay (days)	3.26	3.24	-0.4%	3.24	3.21	-1.0%
e) Average Revenue/Occupied Bed Day (Rs)	42,815	40,130	7%	41,370	40,805	1%
f) Other Operational Data						
Physicians				2,677	2,643	1%
Employees				8,467	7,331	15%
Customer Base (in lacs)				34.2	28.3	21%

# MHC Network\* – Performance Dashboard (Q3 & 9MFY17)

Key Business Drivers	Unit	Quarter Ended		Y-o-Y	Nine months Ended		Y-o-Y
		Dec-16	Dec-15	Growth	Dec-16	Dec-15	Growth
<b>Mature Hospitals*</b>							
a) Financial Performance							
Revenue(Net)	Rs. Cr	340	338	1%	1,068	1,013	5%
EBITDA	Rs. Cr	45	49	-8%	147	139	6%
EBITDA Margin	%	13.3%	14.6%	-125 bps	13.8%	13.7%	7 bps
b) Average Inpatient Operational Beds	No.	1,128	1,095	3%	1,117	1,095	2%
c) Average Inpatient Occupancy	%	69.9%	74.5%	-459 bps	75.1%	75.2%	-15 bps
d) Average Revenue/Occupied Bed Day	Rs.	50,001	46,564	7%	48,467	46,316	5%
e) Return on Capital Employed (Annualised)	%	17.0%	16.8%	17 bps	19.2%	16.8%	239 bps
<b>New Hospitals^</b>							
a) Financial Performance							
Revenue(Net)		254	188	35%	765	500	53%
EBITDA	Rs. Cr	17	9	2x	57	17	3.4x
EBITDA Margin	%	6.7%	4.7%	194 bps	7.5%	3.4%	409 bps
b) Average Inpatient Operational Beds	No.	1,224	1,203	2%	1,225	1,177	4%
c) Average Inpatient Occupancy	%	67.9%	64.2%	370 bps	70.5%	67.2%	337 bps
d) Avg. Revenue/Occupied Bed Day	Rs.	35,134	31,790	11%	33,800	32,399	4%
e) Return on Capital Employed (Annualised)	%	0.7%	-2.3%	293 bps	1.1%	-2.9%	409 bps

\*The above results are for MHC Network (Saket West, Panchsheel, Gurgaon, Noida, Pitampura) and includes results for Max Super Speciality Hospital, Saket, unit of Devki Devi Foundation and Max Super Speciality 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 – Q3 & 9MFY17)

## Revenue

- Gross Written Premium (GWP) for Q3FY17 grows 24% to Rs. 140 Cr. driven by 30% growth in renewals and 14% growth in new sales (impacted by demonetisation)
- Average premium realisation (B2C segment) for Q3FY17 at Rs 7,048 increases 4%
- Urban lives-in-force crosses 1.2 million, 296K lives covered in Q3FY17
- Conservation ratio (B2C segment) for Q3FY17 improves by 260 bps to 85%
- Market share at 4.2%; moved 2 ranks to 8th amongst private players
- MBHI won 'India's Most Valuable and Admired Health Insurer 2016' award by Pharma Leaders – an annual recognition to honor excellence in healthcare sector

## Profitability / Others

- Net loss at Rs 9 Cr for the quarter in line with PY due to one-off items. Without these one-offs, Normalised loss at Rs 2 Cr in Q3 vis-a-vis Rs 12 Cr in PY
- B2C claims ratio for the quarter improved to 53.9% v/s 58.8% in Q3FY16

## Award and Accolades

- MBHI won 'India's Most Valuable and Admired Health Insurer 2016' award by Pharma Leaders – an annual recognition to honor excellence in healthcare sector

# Max Bupa – Performance Dashboard (Q3 & 9MFY17)

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Nine months Ended		Y-o-Y Growth
	Dec-16	Dec-15		Dec-16	Dec-15	
a) Gross written premium income						
First year premium	50	44	14%	142	123	15%
Renewal premium	90	70	30%	259	202	28%
<b>Total</b>	<b>140</b>	<b>113</b>	<b>24%</b>	<b>401</b>	<b>325</b>	<b>23%</b>
b) Net Earned Premium*	121	102	18%	381	286	33%
c) Net Loss**	(9)	(9)	-4%	9	(48)	118%
d) Claim Ratio(B2C Segment, normalized)	54%	59%	8%	56%	59%	5%
e) Avg. premium realization per life (B2C)	7,048	6,756	4%	6,977	6,794	3%
f) Conservation ratio (B2C Segment)	85%	83%	3%	85%	82%	4%
g) Lives In force in millions (including RSBY)				2.3	2.0	13%
h) Number of agents				15,821	11,975	32%
i) Paid up Capital				926	876	14%

\* Earned Premium higher by Rs 18 Cr in 9MFY17 and lower by Rs 9 Cr in Q3FY17 to change in Unearned premium accounting from 1/365 method to 50% of net written premium

\*\* Normalised Loss before one-offs adjustments is Rs 18 Cr in 9MFY17 vs Rs 52 Cr in 9MFY16 and Rs 2 Cr in Q3FY17 vs Rs 12 Cr in Q3FY16



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