

Max India Limited

Investor Release

Quarter ended June 30, 2018

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Max India – Key Highlights (Q1FY19)

1

Max Healthcare : Net revenue grows 3% sequentially q-o-q to Rs 641 Cr

2

Max Healthcare : EBITDA for Q1 at Rs. 30 Cr, down 8% sequentially primarily due to Noida facility under infra revamp. Noida will be converted into Onco Daycare Center & will be operational by Q4

3

Max Bupa: Gross Premium grows 17% to Rs 186 Cr in Q1; Net loss at Rs 12 Cr vs. marginal profit of Rs 0.3 Cr in PY

4

Max Bupa: Signed new partnerships with Karur Vysya bank and HDFC bank; launched business with HDFC branch banking segment in June end

5

Antara: Dehradun community commenced operations in Apr'17; 97 units sold and 62 residents have moved in the community

MHC Network* (Financial Snapshot – Q1FY19)

Revenue

- Net revenue grows 3% sequentially to Rs. 641 Cr
- Revenue enhancement initiatives have been rolled out:
 - ✓ Walk-In/TPA: engagement with neighborhood localities; reactivation of inactive customers and digital campaign to improve volumes
 - ✓ Identified upcountry locations : Patna & Ranchi to be operational by Q2
 - ✓ O&M at hospital/ specialty level: Ludhiana O&M to be operational by Q2
 - ✓ Identified new partner offices in Ethiopia and Nepal to be operational by Q2
 - ✓ Reviewing relationships in institutional channel
- Onco, Ortho & Neuro specialities grows by 15%, 12% & 8% sequentially

Profitability

- EBITDA for Q1 bottoms at Rs. 30 Cr, down 8% sequentially primarily due to Noida facility under infra revamp. Noida will be converted into Onco Daycare Center & will be operational by Q4
- Performance recoup measures as discussed previously have been rolled out in Jun/Jul'18, recovery will be visible from Q2 onwards
- Good momentum built in Q1 on driving structured cost reduction – Initiatives with realizable savings of Rs. 68 Cr implemented

MHC Network* – Performance Dashboard (Q1FY19)

Rs Cr

| Key Business Drivers | Quarter Ended | | | Growth (%) | |
|--|---------------|-------------|------------|------------|-------------------|
| | Jun-18 | Mar-18 | Jun-17 | Q-o-Q | Y-o-Y |
| a) Financial Performance | | | | | |
| Revenue (Gross) | 694 | 670 | 702 | 3% | -1% |
| Revenue (Net) | 641 | 621 | 666 | 3% | -4% |
| Direct Costs | | | | | |
| Material Cost | 167 | 160 | 167 | 4% | 0% |
| Clinician Payout | 112 | 108 | 117 | 4% | -4% |
| Contribution | 362 | 353 | 382 | 3% | -5% |
| <i>Contribution Margin[^]</i> | 56.5% | 56.8% | 57.3% | (36) bps | (91) bps |
| Indirect Costs | | | | | |
| Personnel Cost | 185 | 177 | 166 | 4% | 11% |
| Other Indirect overheads | 114 | 106 | 116 | 8% | -2% |
| HO Costs | 34 | 37 | 36 | -10% | -7% |
| EBITDA | 30 | 32 | 64 | -8% | -53% |
| <i>EBITDA Margin[^]</i> | 4.6% | 5.2% | 9.6% | (57) bps | (517) bps |
| Finance Cost | 28 | 30 | 32 | -8% | -13% |
| Cash Profit | 2 | 2 | 32 | -9% | -94% |
| Depreciation | 38 | 36 | 33 | 4% | 14% |
| Profit /(loss) before tax | (36) | (34) | (1) | -5% | < -100% |
| Tax | 1 | 1 | 2 | 32% | -23% |
| Profit /(loss) after tax | (37) | (35) | (3) | -5% | < -100% |
| b) Financial Position | | | | | |
| Net Worth | 1,039 | 1,076 | 1,120 | -3% | -7% |
| Net Debt | 1,222 | 1,227 | 1,108 | 0% | 10% |
| Fixed Assets - Gross Block | 2,188 | 2,131 | 2,038 | 3% | 7% |

*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 & Max Multi Speciality Hospital Greater Noida unit of Four Season Foundation

[^] on the basis of net revenue

MHC Network* – Performance Dashboard (Q1FY19)

| Key Business Drivers | Quarter Ended | | | Growth (%) | |
|--|---------------|--------------|--------------|------------|------------|
| | Jun-18 | Mar-18 | Jun-17 | Q-o-Q | Y-o-Y |
| a) Patient Transactions (Nos. in lacs) | | | | | |
| Inpatient Procedures | 0.47 | 0.44 | 0.52 | 7% | -9% |
| Day care Procedures | 0.11 | 0.10 | 0.13 | 9% | -14% |
| Outpatient Registrations | 17.20 | 16.47 | 17.25 | 4% | 0% |
| Total | 17.78 | 17.02 | 17.90 | 5% | -1% |
| b) Average Inpatient Operational Beds | 2,376 | 2,372 | 2,356 | 0% | 1% |
| c) Average Inpatient Occupancy | 70.9% | 71.7% | 72.9% | (76) bps | (198) bps |
| d) Average Length of Stay (days) | 3.25 | 3.45 | 3.01 | 6% | -8% |
| e) Average Revenue/Occupied Bed Day (Rs) | 44,045 | 43,810 | 44,940 | 1% | -2% |
| f) Other Operational Data | | | | | |
| Physicians | 2,968 | 2,882 | 2,847 | 3% | 4% |
| Employees | 9,388 | 9,605 | 8,884 | -2% | 6% |
| Customer Base (in lacs) | 42.3 | 42.3 | 37.3 | 0% | 13% |

*The above results are for MHC Network of hospitals, 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 and Max Multi Speciality Hospital Greater Noida unit of Four Season Foundation

MHC Network Hospitals (Saket* & East Delhi^ Complex)

– Performance Dashboard (Q1FY19)

| Key Business Drivers | Unit | Quarter Ended | | | Growth (%) | | Rs Cr |
|---------------------------------------|--------|---------------|--------|--------|------------|-----------|-------|
| | | Jun-18 | Mar-18 | Jun-17 | Q-o-Q | Y-o-Y | |
| | | | | | | | |
| Saket Complex | | | | | | | |
| a) Financial Performance | | | | | | | |
| Revenue(Net) | Rs. Cr | 242 | 245 | 255 | -1% | -5% | |
| EBITDA | Rs. Cr | 20 | 31 | 32 | -35% | -37% | |
| EBITDA Margin | % | 8.4% | 12.8% | 12.7% | (438) bps | (427) bps | |
| b) Average Inpatient Operational Beds | No. | 769 | 763 | 735 | 1% | 5% | |
| c) Average Inpatient Occupancy | % | 71.8% | 76.9% | 75.5% | (508) bps | (368) bps | |
| d) Average Revenue/Occupied Bed Day | Rs. | 52,297 | 49,800 | 52,893 | 5% | -1% | |
| e) Average Length of Stay | (days) | 3.61 | 3.87 | 3.22 | 7% | -12% | |
| East Delhi Complex | | | | | | | |
| a) Financial Performance | | | | | | | |
| Revenue(Net) | | 166 | 161 | 163 | 3% | 2% | |
| EBITDA | Rs. Cr | 12 | 11 | 20 | 14% | -40% | |
| EBITDA Margin | % | 7.3% | 6.6% | 12.4% | 68 bps | (515) bps | |
| b) Average Inpatient Operational Beds | No. | 691 | 695 | 676 | -1% | 2% | |
| c) Average Inpatient Occupancy | % | 77.6% | 76.2% | 77.1% | 138 bps | 48 bps | |
| d) Avg. Revenue/Occupied Bed Day | Rs. | 37,841 | 37,502 | 37,594 | 1% | 1% | |
| e) Average Length of Stay | (days) | 3.24 | 3.49 | 3.02 | 7% | -7% | |

*Saket Complex includes Saket West Block, Saket East Block (unit of Devki Devi Foundation) & Max Smart (unit of Smart Hospital & Research Centre) hospital

^East Delhi Complex includes Max Patparganj (unit of Balaji Medical and Diagnostic Research Centre) & Max Vaishali hospital

Max Bupa (Financial Snapshot – Q1FY19)

Revenue

- Gross Written Premium (GWP) for Q1FY19 grows 17% to Rs. 186 Cr. driven by 21% growth in renewals and 10% growth in new sales. Growth for the quarter impacted by sales uptick in the Q1FY18 preceding a significant price increase
- Average premium realisation (B2C segment) for Q1FY19 at Rs 8,452 grows 8% y-o-y
- Urban lives-in-force crosses 1.8 million, ~ 412K lives covered in Q1FY19
- Conservation ratio (B2C) for Q1FY19 at 84%, improved by 43 bps over PY
- Signed new partnerships with Karur Vysya bank and HDFC bank; launched business with HDFC branch banking segment in June end

Profitability / Others

- Net loss at Rs 12 Cr in Q1FY19 vs marginal profit of Rs 0.3 Cr in PY. Loss in line with previous year normalising for reinsurance impact
- B2C claims ratio for the quarter at 53%, improved by 230 bps over PY

Award and Accolades

- Received Health Insurance 'Product of the Year 2018' award for GoActive
- Won the 'Most Innovative Digital/Technology Initiative of the Year' for ATH at the India Insurance Awards 2018

Max Bupa – Performance Dashboard (Q1FY19)

| Key Business Drivers | UOM | Quarter Ended | | Y-o-Y Growth |
|---|--------------|---------------|------------|-------------------|
| | | Jun-18 | Jun-17 | |
| a) Gross written premium income | | | | |
| First year premium | Rs Cr | 59 | 54 | 10% |
| Renewal premium | Rs Cr | 126 | 105 | 21% |
| Total | Rs Cr | 186 | 159 | 17% |
| b) Net Earned Premium* | Rs Cr | 162 | 133 | 22% |
| c) Cash Profit /(Loss) | Rs Cr | (8) | 4 | < -100% |
| d) Pre tax Profit /(Loss) | Rs Cr | (12) | 0.3 | < -100% |
| e) Claim Ratio (B2C Segment, normalized) | % | 53% | 55% | 230 bps |
| f) Avg. premium realization per life (B2C) | Rs | 8,452 | 7,844 | 8% |
| g) Conservation ratio (B2C Segment) | % | 84% | 83% | 43 bps |
| h) Lives In force (including RSBY) | in millions | 2.9 | 2.5 | 18% |
| i) Number of agents | nos. | 26,504 | 21,468 | 23% |
| j) Paid up Capital | Rs Cr | 926 | 926 | - |

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