

Max India Limited

Investor Release

Quarter and Nine months ended December 31, 2018

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Max India – Key Highlights (Q3FY19)

- 1** **Max Healthcare to merge with Radiant:** Applications filed with CCI and RBI. Filing with IRDAI, SEBI and NCLT thereafter. Expected completion 9-12 months
- 2** **Max Healthcare :** Net revenue grows 3% to Rs 677 Cr. EBITDA grows 11% y-o-y to Rs. 63 Cr; margins improve to 9.2%, up 67 bps sequentially
- 3** **Max Bupa:** Gross Premium grows 25% to Rs 223 Cr; Net loss at Rs 16 Cr vs. Rs 5 Cr in PY. Normalising for reinsurance, net loss is Rs 19 Cr vs Rs 21 Cr in PY
- 4** **Max Bupa:** HDFC Bank - Telesales business launched in Q3; Corporate agency activated with HDFC securities
- 5** **Antara:** Antara to set up second project in New Chandigarh via an asset light model

MHC Network* (Financial Snapshot – Q3FY19)

Revenue

- Net revenue grows 3% sequentially to Rs. 677 Cr.
- Revenue enhancement initiatives have been rolled out:
 - ✓ **Expansion of upcountry locations:** Widened the reach of existing clusters by adding more cities, taking the total locations to 16
 - ✓ **International channel:** 2nd direct presence in Nigeria underway. New partnerships in Iraq and Fiji
 - ✓ **Digital initiatives:** Digital campaigns for tower specialties initiated, realised Rs 173 Cr revenue, Up 53%. Started appointment campaign with Practo in Dec'18
 - ✓ **Focus on rebalancing institutional mix:** Share of Navratna PSUs being increased, 3% growth. Exited tie-ups with 49 unpreferred accounts

Profitability

- EBITDA at Rs. 63 Cr, up 11% y-o-y, primarily on the back of cost actions. EBITDA Margins improve to 9.2%, up 67 bps y-o-y. East Delhi Complex margins back at previous levels of 15%+
- Strong momentum built up in 9M on driving structured cost reduction, initiatives with savings of Rs 100 Cr + implemented

MHC Network* – Performance Dashboard (Q3 & 9MFY19)

Rs Cr

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Nine months Ended		Y-o-Y Growth
	Dec-18	Dec-17		Dec-18	Dec-17	
a) Financial Performance						
Revenue (Gross)	738	703	5%	2,158	2,116	2%
Revenue (Net)	677	656	3%	1,988	1,998	0%
Direct Costs						
Material Cost	168	162	4%	498	497	0%
Clinician Payout	112	116	-4%	332	350	-5%
Contribution	398	378	5%	1,158	1,151	1%
<i>Contribution Margin[^]</i>	58.7%	57.7%	107 bps	58.2%	57.6%	63 bps
Indirect Costs						
Personnel Cost	189	173	9%	557	510	9%
Other Indirect overheads	111	120	-8%	342	352	-3%
HO Costs	36	29	22%	101	99	2%
EBITDA	63	56	11%	157	189	-17%
<i>EBITDA Margin[^]</i>	9.2%	8.6%	67 bps	7.9%	9.5%	(156) bps
Finance Cost	35	35	-1%	96	99	-3%
Cash Profit	27	21	32%	62	90	-32%
Depreciation	35	34	1%	110	102	8%
Profit /(loss) before tax	(7)	(14)	46%	(49)	(11)	-326%
Tax	-	1	0%	3	3	0%
Profit /(loss) after tax	(7)	(14)	49%	(51)	(15)	-251%
b) Financial Position						
Net Worth	1,031	1,106	-7%	1,031	1,106	-7%
Net Debt	1,272	1,190	7%	1,272	1,190	7%
Tangible Fixed Assets - Gross Block	2,220	2,053	8%	2,220	2,053	8%

*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 (Q3 & 9MFY19)

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Nine months Ended		Y-o-Y Growth
	Dec-18	Dec-17		Dec-18	Dec-17	
a) Patient Transactions (Nos in lacs)						
Inpatient Discharges	0.46	0.51	-10%	1.42	1.55	-8%
Day care Procedures	0.12	0.12	1%	0.34	0.38	-9%
Outpatient Footfalls	16.83	16.05	5%	51.77	50.94	2%
Total	17.41	16.68	4%	53.53	52.87	1%
b) Average Inpatient Operational Beds	2,383	2,353	1%	2,379	2,319	3%
c) Average Inpatient Occupancy	74.2%	74.3%	(11) bps	73.1%	74.4%	(129) bps
d) Average Length of Stay (days)	3.39	3.13	-9%	3.37	3.05	-10%
e) Average Revenue/Occupied Bed Day (Rs)	43,881	43,425	1%	43,770	41,187	6%
f) Other Operational Data						
Physicians				3,136	2,862	10%
Employees				9,715	9,171	6%
Customer Base (in lacs)				43.9	40.7	8%

*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 (Q3 & 9MFY19)

Rs Cr

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Nine months ended		Y-o-Y Growth
		Dec-18	Dec-17		Dec-18	Dec-17	
Saket Complex							
a) Financial Performance							
Revenue(Net)	Rs. Cr	250	247	1%	741	760	-2%
EBITDA	Rs. Cr	24	29	-14%	73	91	-19%
EBITDA Margin	%	9.8%	11.5%	(173) bps	9.9%	11.9%	(203) bps
b) Average Inpatient Operational Beds	No.	768	758	1%	769	738	4%
c) Average Inpatient Occupancy	%	74.5%	75.5%	(101) bps	73.8%	76.4%	(254) bps
d) Average Revenue/Occupied Bed Day	Rs.	52,944	50,598	5%	52,314	51,861	1%
e) Average Length of Stay	(days)	3.66	3.38	-8%	3.65	3.28	-11%
East Delhi Complex							
a) Financial Performance							
Revenue(Net)		184	174	5%	532	511	4%
EBITDA	Rs. Cr	28	23	20%	67	64	4%
EBITDA Margin	%	15.2%	13.3%	187 bps	12.5%	12.6%	(5) bps
b) Average Inpatient Operational Beds	No.	702	716	-2%	698	696	0%
c) Average Inpatient Occupancy	%	82.2%	79.0%	327 bps	80.4%	78.3%	209 bps
d) Avg. Revenue/Occupied Bed Day	Rs.	37,779	36,675	3%	37,900	36,992	2%
e) Average Length of Stay	(days)	3.71	3.13	-18%	3.61	3.06	-18%

*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 – Q3 & 9MFY19)

Revenue

- Gross Written Premium (GWP) for Q3FY19 grows 25% to Rs. 223 Cr, driven by 40% growth in new sales and 17% growth in renewals.
- Average premium realisation (B2C segment) for Q3FY19 at Rs 8,031 grows 3% y-o-y
- Urban lives-in-force crosses 2.3 million, ~ 603K lives covered in Q3FY19
- Conservation ratio (B2C) for Q3FY19 at 86%, improved by 491 bps over PY
- HDFC Bank - Telesales business launched in Q3; Corporate agency activated with HDFC securities

Profitability / Others

- Net loss at Rs 16 Cr in Q3FY19 vs Rs 5 Cr in PY. Normalising for reinsurance impact net loss is Rs 19 Cr in Q3FY19 vs Rs 21 Cr in PY.
- B2C claims ratio for the quarter at 55%, improved by 270 bps over PY

Award and Accolades

- Recognized 3rd time as a Superbrand in 2018
- Won 'The Assocham Brand Science 2018 and Excellence Awards' under the category of 'Best Innovative Brand'

Max Bupa – Performance Dashboard (Q3 & 9MFY19)

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Nine months Ended		Y-o-Y Growth
	Dec-18	Dec-17		Dec-18	Dec-17	
a) Gross written premium income						
First year premium	86	61	40%	228	169	35%
Renewal premium	137	117	17%	399	336	19%
Total	223	178	25%	627	505	24%
b) Net Earned Premium	188	151	24%	532	429	24%
c) Cash Profit /(Loss)	(12)	(1)	< -100%	(43)	2	< -100%
d) Pre tax Profit /(Loss)	(16)	(5)	< -100%	(55)	(10)	< -100%
e) Claim Ratio (B2C Segment, normalized)*	55%	58%	270bps	52%	58%	590 bps
f) Avg. premium realization per life (B2C)	8,031	8,057	0%	8,224	8,011	3%
g) Conservation ratio (B2C Segment)	86%	81%	491 bps	85%	82%	323 bps
h) Lives In force in millions (including RSBY)				3.4	2.6	31%
i) Number of agents				29,703	23,712	25%
j) Paid up Capital				969	926	5%

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