

# Max India Limited

## Investor Release

*Quarter and nine months ended December 31, 2019*

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## Max India – Key Highlights (Q3FY20)

- 1** **Max India and Radiant merger with Max Healthcare progressing on track** : NCLT hearing process concluded; final order awaited. Listing of Max Healthcare & Advaita (New Max India) shares expected by **Apr/May'20**
- 2** **Max Healthcare** : Net revenue grows **12%** to **Rs. 749 Cr.** EBITDA at **Rs. 121 Cr**, grows **92%**. Sequential expansion trend in EBITDA Margin continues with margin touching all time high of **16.2%** in Q3FY20
- 3** **Max Healthcare** : PAT of **Rs. 52 Cr.** in Q3FY20 against a loss of **Rs. 7 Cr.** in the corresponding previous quarter
- 4** **Antara Growth** : Antara launched second community in Noida on 15<sup>th</sup> Jan 20, encouraging initial response... **15** bookings received, **12** in hot pipeline. Care Homes (Assisted Living) Pilots - **Gurgaon** launch by **Mar'20** and **Delhi** launch by **Q1FY21**. Antara forays in **Care@Home for Seniors vertical (or Home Care)**, launch planned by Q1FY21
- 5** **Antara Doon** : **123** units sold (PY 107). **85** residents have moved in. Sales Collections of **Rs 332 Cr** (PY Rs 274 Cr). Of the investment of **Rs. 284 Cr.** in Doon; investment of **Rs 150 Cr.** in learnings from Doon and interest cost because of prolonged sales period caused by unprecedented slowdown in residential real estate impaired in Max India in line with shift in growth strategy of Antara from **asset heavy** model to **asset light** model
- 6** **Max Bupa Divestment** : Divestment of 51% stake in Max Bupa to True North concluded in Dec'19. Consequently, Max India has a treasury corpus of **Rs. 516 Cr.** to take care of its future plans

# MAX INDIA LIMITED

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## MAX HEALTHCARE

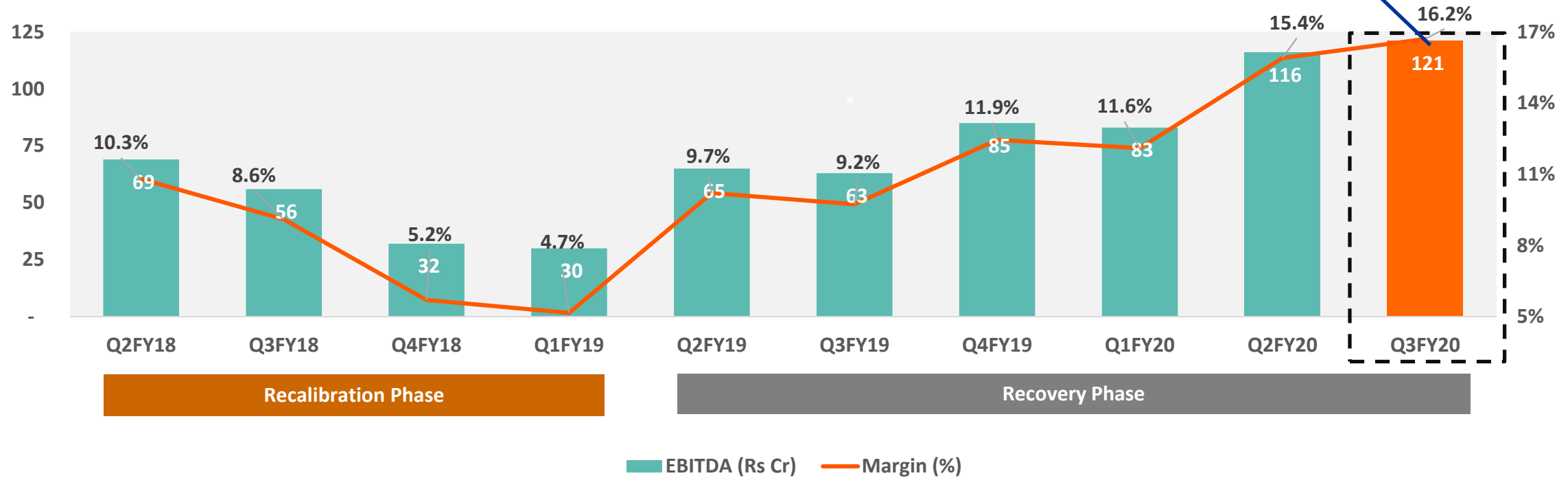
## Revenue

- Net revenue for Q3FY20 grows **12%** to **Rs. 749 Cr.** This is 5th quarter in a row reporting growth in Revenues, EBITDA and Operating Margin y-o-y
- Oncology & Ortho specialities outpace overall growth, grows by **19%** and **15%**
- Seasoned physicians hired this quarter to spruce up Orthopaedics, Cardiac & Endocrinology specialties
- Avg. Revenue/Occupied Bed day in Q3FY20 improves to **Rs 50,250**, grows **11%**

## Profitability

- EBITDA for Q3FY20 at **Rs. 121 Cr**, grows **92%**; driven by higher revenue and strict cost actions. EBITDA Margin for Q3FY20 at **16.2%**, improved by **686 bps**
- Saket complex EBITDA for Q3FY20 at **Rs. 45 Cr**, grows **83%**; EBITDA Margin at **16.6%**, improved by **674 bps**
- East Delhi complex EBITDA for Q3FY20 at **Rs. 36.5 Cr**, grows **31%**; EBITDA Margin at **17.7%**, improved by **243 bps**
- Profit after tax for Q3FY20 at **Rs 52 Cr** vs net loss of **Rs 7 Cr** last year

**Sharp recovery in EBITDA margins from Q2FY19, achieved all time high EBITDA margin of 16% in Q3FY20**



Note: Operating EBITDA pre IND AS 116 adjustment for Q3FY20 is 14.7% and 9MFY20 is 13.1%

\* Q1, Q2 & Q3FY20 EBITDA and EBITDA margin numbers are post IND AS 116 impact

Key Business Drivers	Quarter Ended			Growth (%)		Nine months Ended		Y-o-Y
	Dec-19	Sep-19	Dec-18	Q-o-Q	Y-o-Y	Dec-19	Dec-18	Growth
<b>a) Financial Performance</b>								
<b>Revenue (Gross)</b>	<b>806</b>	<b>820</b>	<b>738</b>	<b>-2%</b>	<b>9%</b>	<b>2,405</b>	<b>2,158</b>	<b>11%</b>
Revenue (Net)	749	753	672	-1%	12%	2,216	1,971	12%
<b>Direct Costs</b>								
Material Cost	184	184	168	0%	10%	549	498	10%
Clinician Payout	122	122	112	1%	10%	364	332	9%
<b>Contribution</b>	<b>442</b>	<b>447</b>	<b>392</b>	<b>-1%</b>	<b>13%</b>	<b>1,303</b>	<b>1,141</b>	<b>14%</b>
<i>Contribution Margin<sup>^</sup></i>	59.0%	59.4%	58.4%	(35) bps	66 bps	58.8%	57.9%	92 bps
<b>Indirect Costs</b>								
Personnel Cost	193	193	186	0%	4%	583	548	6%
Other Indirect overheads	97	109	106	-10%	-9%	308	329	-6%
HO Costs	31	30	37	4%	-15%	93	107	-13%
<b>EBITDA*</b>	<b>121</b>	<b>116</b>	<b>63</b>	<b>5%</b>	<b>92%</b>	<b>320</b>	<b>157</b>	<b>103%</b>
<i>EBITDA Margin<sup>^</sup></i>	16.2%	15.4%	9.4%	80 bps	686 bps	14.4%	8.0%	639 bps
Finance Cost*	40	44	35	-9%	13%	124	96	30%
<b>Cash Profit</b>	<b>81</b>	<b>72</b>	<b>28</b>	<b>13%</b>	<b>191%</b>	<b>195</b>	<b>61</b>	<b>219%</b>
Depreciation*	42	40	35	-	21%	122	110	11%
<b>Profit /(loss) before tax</b>	<b>39</b>	<b>32</b>	<b>(7)</b>	<b>&gt; 100%</b>	<b>&gt; 100%</b>	<b>73</b>	<b>(49)</b>	<b>&gt; 100%</b>
Tax	(12)	2	-			(9)	3	
<b>Profit /(loss) after tax</b>	<b>52</b>	<b>30</b>	<b>(7)</b>	<b>&gt; 100%</b>	<b>&gt; 100%</b>	<b>82</b>	<b>(51)</b>	<b>&gt; 100%</b>
<b>b) Financial Position</b>								
Net Worth**						771	848	-9%
Shareholder Loan (from Radiant)						439	-	
Net Debt**						1,019	1,272	-20%
Tangible Fixed Assets - Gross Block**						2,407	2,291	5%

Note : Dec 18 figures have been restated, wherever required, to make them comparable with those of Dec 19

Marketing and Employee discount earlier being reported as part of expense now reduced from Revenue

\* IND AS 116 Adjustment P&L Impact in FY20: Lower Lease Rentals (Q3 Rs 9 Cr; 9M Rs 26 Cr); Higher Finance cost (Q3 Rs 6 Cr; 9M Rs 17 Cr); Higher Depreciation (Q3 Rs 4 Cr; 9M Rs 13 Cr)

\*\* IND AS 116 Adjustment Balance sheet Impact – Higher Net Debt - Finance lease liability Rs 226 Cr; Increase in Fixed Asset - Right of use Asset Rs 144 Cr & Lower Net worth Rs 82 Cr

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

Key Business Drivers	Quarter Ended			Growth (%)		Nine months Ended		Y-o-Y Growth
	Dec-19	Sep-19	Dec-18	Q-o-Q	Y-o-Y	Dec-19	Dec-18	
a) Patient Transactions (Nos. in lacs)								
Inpatient Procedures	0.49	0.51	0.46	-4%	6%	1.48	1.42	5%
Day care Procedures	0.13	0.15	0.12	-14%	7%	0.41	0.34	18%
Outpatient Registrations	17.41	19.51	16.83	-11%	3%	55.61	51.77	7%
<b>Total</b>	<b>18.02</b>	<b>20.17</b>	<b>17.41</b>	<b>-11%</b>	<b>4%</b>	<b>57.50</b>	<b>53.53</b>	<b>7%</b>
b) Average Inpatient Operational Beds	2,370	2,385	2,383	-1%	-1%	2,375	2,379	0%
c) Average Inpatient Occupancy	73.6%	75.2%	74.2%	(163) bps	(60) bps	74.0%	73.1%	93 bps
d) Average Length of Stay (days)	3.53	3.48	3.42	-1%	-3%	3.45	3.41	-1%
e) Average Revenue/Occupied Bed Day (Rs)	50,252	49,607	45,367	1%	11%	49,717	45,120	10%
f) Other Operational Data								
Physicians	3,221	3,213	3,136	0%	3%	3,221	3,136	3%
Employees	9,982	10,152	9,715	-2%	3%	9,982	9,715	3%
Customer Base (in lacs)	50.7	49.4	45.3	3%	12%	50.7	45.3	12%

\*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

Key Business Drivers	Unit	Quarter Ended			Growth (%)		Nine months Ended		Y-o-Y Growth
		Dec-19	Sep-19	Dec-18	Q-o-Q	Y-o-Y	Dec-19	Dec-18	
<b>Saket Complex</b>									
a) Financial Performance									
Revenue(Net)	Rs. Cr	270	272	248	-1%	9%	803	735	9%
EBITDA	Rs. Cr	45	41	24	8%	83%	116	73	58%
EBITDA Margin	%	16.6%	15.2%	9.9%	140 bps	674 bps	14.5%	10.0%	446 bps
b) Average Inpatient Operational Beds	No.	768	768	768	0%	0%	768	769	0%
c) Average Inpatient Occupancy	%	71.4%	73.8%	74.5%	(239) bps	(305) bps	72.9%	73.8%	95 bps
d) Average Revenue/Occupied Bed Day	Rs.	58,601	57,584	52,944	2%	11%	57,509	52,314	10%
e) Average Length of Stay	(days)	3.66	3.66	3.82	0%	4%	3.68	3.77	2%
<b>East Delhi Complex</b>									
a) Financial Performance									
Revenue(Net)		206	204	183	1%	13%	605	527	15%
EBITDA	Rs. Cr	36	36	28	2%	31%	100	67	50%
EBITDA Margin	%	17.7%	17.4%	15.3%	26 bps	243 bps	16.6%	12.7%	395 bps
b) Average Inpatient Operational Beds	No.	730	710	702	3%	4.0%	711	698	1.9%
c) Average Inpatient Occupancy	%	78.8%	80.7%	82.2%	(191) bps	(342) bps	80.4%	80.4%	(6) bps
d) Avg. Revenue/Occupied Bed Day	Rs.	41,956	42,790	37,779	-2%	11%	42,070	37,900	11%
e) Average Length of Stay	(days)	3.63	3.63	3.55	0%	-2%	3.61	3.55	-2%

\*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



## **MAX INDIA LIMITED**

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## **ADVAITA ALLIED HEALTH SERVICES LIMITED**



## ANTARA



**Senior Living - Invested Capital (Rs 395 Cr)**

**Cash as at Dec'19 – Rs 516 Cr**

**Max Towers (3 Floors; 61k sq ft)  
Invested amount – Rs 93 Cr**

**Antara 1.0 - Dehradun (Asset Heavy)**

**Invested Capital<sup>^</sup> (Rs 284 Cr)**

	Rs Cr
Investment	284
Less: Impairment	(150)
<b>Fair Value</b> (Unsold inventory of 69 units, Ownership of Club House & Usable FSI)	<b>134</b>

*Utilization of cash received on Max Bupa divestment :*

*Annual Rental Income of Rs 6 Cr expected on fully leased out basis*

- **Reserved for Proposed Capital Reduction – Rs. 200 Cr.** (exit option to shareholders who may choose not to participate in Max India's future growth prospects)
- **Antara Growth Capital – Rs. 300+ Cr.** (to be deployed over next 3-4 years)

- Lease agreement executed for renting out **one of the 3 floors**
- Search for Tenants for the other two floors underway

**Antara 2.0 - Growth (Asset Light)**

**Invested Capital (Rs 110 Cr)**

Residences for Seniors – Noida launched in Jan20
Care Homes (Assisted Living) – Pilots in Gurgaon & Delhi
Care@Home (Home care) – Pilot launch by Q1FY21

<sup>^</sup> Equity – Rs 265 Cr; ICD – Rs 19 Cr

# Antara Doon: 123 units sold (PY 107) out of total inventory 192 units; 85 residents have moved in the Community



ANTARA



Inventory	192 apartments	
Cumulative Sales	123 apartments	
Cumulative Sales Collections	INR 332 Cr	
Sales velocity per month (9MFY20) – Gross   Net	2.8   1.7	
Selling Price per Sqft (9M FY20)	INR 11,850 per Sqft	
Unsold inventory at current selling price	37%   ~ INR 270 Cr	
Investment in Clubhouse	INR 66 Cr	
Usable Land	INR 17 Cr	
External Term Debt	INR 176 Cr	
Max India Investment	Gross Equity	INR 265 Cr
	(-) Impairment	INR 150 Cr
	Net Equity	INR 115 Cr
	Debt (ICD)	INR 19 Cr





Experience a new urban life, on your own terms.

## Phase 1

**4**  
Acres (16,513 Sqm)

**3**  
Residences

**300 +**  
Apartments

**3**  
Apartment Types

**Fully Finished Residences**  
Equipped with all white goods

**Senior specific design features**  
for safety and comfort

**Expansive Club spread over 3700 sq.m**

**24X7 Primary Healthcare Facilities & Emergency Response Team**

**Round-the-clock resident services team**

**Engagement Activities tailored for residents**

**Convenient location**  
of Sector 150 with easy connectivity

**Trained professional team**  
at to fulfill all service requests




**Like-minded neighborhood**  
for an active social lifestyle

## Encouraging response till date

- **Leads generated:** 531
- **Conversions:** 15 bookings (application money collected)
- **Pipeline:** 55 meetings done
- **Hot pipeline:** 12 prospects
- **Channel Partners on Board:** 8, over 100 FOS trained from top 5 channel partners
- **Events done:** 9 including MHC doctors & Vendors, MLI agents, Channel Partners ~250 participants
- Received **positive response** on Product, Services & Pricing

- **Market size : \$ 1 billion**
- **Product offering** : Daily Living, Short and Long-Term stay, Respite Care, Memory care
- Differential pricing with **Value** and **Premium** version
- **Unit economics:** Steady state revenues of **Rs 6-9 Cr** with EBITDA of **19-23%** per center, with breakeven in Year 2
- Peak Funding requirement **Rs 3 Cr** per center

### Update on Care Homes Pilot ~Gurgaon | Delhi

 *Completed*  
  *On track*  
  *Discussions ongoing*

#### Gurgaon

1. Property finalisation
2. Operational Planning incl SOP, Service delivery plan
3. Product offering & pricing
4. Design development & finalisation
5. Execution work at site
6. Annual Budget
7. Manpower planning & hiring started
8. Customer Acquisition ~BTL activities, Discussion with Doctors, end users
9. Contract and Documentation ~Customer, Hospital, Doctor contract

Update



















#### Delhi

1. Property finalisation

Update



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