

# Max India Limited

## Investor Release

### August 2011

#### *Disclaimer*

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## Max India sustains strong financial performance

- Net Profit for Q1FY12 at Rs. 70 Cr. against loss of Rs. 25 Cr. for Q1FY11
- PBT for Q1FY12 at Rs. 97 Cr. against loss of Rs. 26 Cr. for Q1FY11
- Operating Revenue for Q1FY12 at Rs. 1,676 Cr., grows 12% y-o-y
- Treasury Corpus of Rs. 439 cr. as at June 30, 2011
- Max India to acquire Warburg Pincus stake in MHC, stake to increase from 75.6% to 91.8%
- Promoters subscribe 3% stake in Max India at Rs. 216.75 per share through warrant conversion

## MNYL becomes 3rd largest private life insurer in India basis new premiums

- Gains 4.2% market share amongst private life insurers from 7.7% in Q1FY11 to 11.9% in Q1FY12. MNYL de-growth for the quarter at 14% against 44% for private life insurers
- Shift in focus on Mass Affluent+ customer segment and LTSP sharpened with introduction of new products leads to outperformance
- Fast Track Plan Unit Linked Product launched that enables customers to choose Sum Assured, offers six funds, systematic Investment, partial withdrawals and other benefits

## MHC transitions from Tertiary to Quaternary Care

- Foray into Stem cells – state of the art Stem Cell Lab being setup in Gurgaon hospital and service profile enhanced to include Organ Transplant
- Revolutionary change in healthcare operations by introducing Electronic Health Records (EHR)
- EBITDA of Rs. 11 Cr in Q1FY12, up 133% y-o-y. EBITDA margin at 6% in Q1FY12 against 3% in Q1FY11
- Cost rationalization measures and price increase under implementation

## Max Bupa growth continues, encouraging early signs of renewals

- Gross written premium of Rs. 14 Cr. from 24,000 lives covered in Q1FY12, 68,000+ lives in force as of June 2011
- Diversified product portfolio – IRDA approval received for two more products
- Distribution alliance with Bajaj Capital and 8 other large distributors
- ‘Best product Innovation’ award for ‘Family First’ at India Insurance Awards

## MSF new BOPP line also achieves 100% capacity utilization

- Profit for Q1FY12 at Rs. 11 Cr., grows 98% y-o-y
- Sales quantity for Q1 FY12 at 12,847 tons, grows 77% y-o-y

# Consolidated Financial Snapshot (Q1 FY12)

## Operating Revenue at Rs. 1,676 Cr., Up 12%

(Rs. cr.)

Particulars	Quarter Ended		Y-o-Y Growth
	Jun 11	Jun 10	
Operating Revenue	1,676	1,496	12%
Total Revenue	2,021	1,838	10%
EBITDA	151	34	422%
Profit/(Loss) Before Tax	97	(26)	-

Particulars	Jun 30, 2011	Mar 31, 2011	Growth
Net Worth	2,009	1,944	3%
Preference Shares	250	250	-
Loans Funds	508	507	-
Fixed Assets (Net Block)	1,165	1,126	3%
Treasury Corpus (Debt M. Funds & Term Deposits)	439	540	(19)%
Life Insurance Investments (AUM)	14,557	13,836	5%

## Revenue and Profitability

- Individual First Year Premium (adjusted for single pay) for Q1FY12 at Rs. 329 Cr., declines by 14% y-o-y
- Traditional products contribute 84% to new sales for the quarter
- Gross Premium Income for Q1FY12 at Rs. 1,373 Cr. grows 5% y-o-y
- Expenses of Management Ratio for the Q1FY12 at 32.9% against 40.5%Q1FY11

## Other Business Drivers

- AUM at Rs.14,557 Cr. at the end of Q1 FY12 grows 33% y-o-y
- Over 3.4 million policies in-force grows 11% y-o-y
- Sum assured in-force around Rs. 139,000 Cr. as at June 30, 2011
- Business capitalised at Rs.1,976 Cr as at June 30, 2011; solvency surplus of Rs. 887Cr.
- Brand Awareness is at 96% in June 2011

## Agency Performance

- Average case size per agent at Rs. 23,041 for Q1FY12 against Rs. 23,395 for Q1FY11
- Average case rate per agent for Q1FY12 at 0.53 against 0.60 for Q1FY11

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		June-11	June-10	
a) Gross written premium income	Rs. Crore			
First year premium		334	405	(18)%
Renewal premium		966	845	14%
Single premium		73	54	36%
<b>Total</b>		<b>1,373</b>	<b>1,304</b>	<b>5%</b>
b) Individual Adjusted Premium (APE*)	Rs. Crore	329	384	(14)%
c) Conservation ratio**	%	78%	79%	
d) Average case size	Rs.	23,041	23,395	(2)%
e) Case rate per agent per month	No.	0.53	0.60	(12)%
f) Number of agents	No.	40,542	69,734	(42)%
g) Paid up Capital	Rs. Crore	1,976	1,973	0.2%
h) Individual Policies in force	No.	3,388,249	3,041,076	11%
i) Sum insured in force	Rs. Crore	138,738	139,957	(1)%

\*Individual First Year Premium adjusted for 10% single pay

\*\*Conservation Ratio = Renewal Premium for the current period / (First Year + Renewal Premium for the previous period)

## Revenue

- Revenue across network of hospitals for Q1FY12 at Rs. 190 Cr., grows 19% y-o-y
- Average Revenue per Occupied bed day\* for Q1FY12 at Rs. 23,666 grows 9%

## Profitability

- EBITDA for Q1FY12 at Rs. 11 Cr. grows 133% y-o-y
- EBITDA Margin for Q1FY12 at 6% against 3% in Q1FY11

## Other Drivers

- Average Occupancy\*\* across all healthcare care facilities at 68.3% in Q1FY12 against 63.9% in Q1FY11. The average operational beds increase to 923 in Q1FY12 from 910 in Q1FY11
- Average length of stay for Q1FY12 maintained at 3.5 days
- Over 1,300 Doctors, 1,700 Nurses and 600 para-medical staff across network of hospitals
- Registered patient base over 1 million patients with average patient transactions close to 270,000 a month
- Focus on increasing International Visibility; strategic tie-up with ICICI Lombard for launching a policy for SAARC & African Countries
- MHC will be setting up Facilitation centres at Kathmandu, Iraq, Nigeria & Afghanistan

\* Average Revenue per Occupied Bed Day = Inpatient Revenue/ Occupied Bed Days

\*\*Occupancy has been calculated on average operational beds.

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		June -11	June-10	
a) Revenue (Gross)	Rs. Crore			
Inpatient Revenue		136	115	18%
Day Care Revenue		6	5	9%
Outpatient Revenue		48	39	24%
<b>Total</b>		<b>190</b>	<b>159</b>	<b>19%</b>
b) Profitability				
Contribution Margin	Rs. Crore	112	92	22%
Contribution (%)	%	59.1%	57.4%	
EBITDA	Rs. Crore	11.1	4.8	133%
EBITDA (%)	%	5.9%	3.0%	
c) Patient Transactions (No. of Procedures)	No.			
Inpatient Procedures		16,271	14,974	9%
Day care Procedures		2,614	1,748	50%
Outpatient Registrations		790,836	654,863	21%
d) Average Inpatient Operational Beds	No.	923	910	1%
e) Average Inpatient Occupancy	%	68.3%	63.9%	
f) Average Length of Stay	No.	3.5	3.5	-
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	23,666	21,789	9%



## Business Drivers

- Gross Written Premium of Rs 14 Cr collected during the quarter, grows 511% y-o-y
- 66% conservation ratio in the very first quarter itself
- 24,000 lives covered in first quarter of FY 2011-12, 68,000+ lives as of June 2011
- 700 employees on board

## Capital Requirement

- Peak equity commitment of Rs. 690 Cr.; Rs. 321Cr. infused as of date

## Products & Distribution

- New products: IRDA approvals received for
  - 'Swasthya Parivar'
  - 'Health Companion'
- Aggressive agent hiring underway; as of June 2011, 5,400+ agents on board
- Distribution Network
  - No. of Branch offices – 11
  - In addition sales made in 400+ cities all across India through telesales
- Provider network of 800+ hospitals

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		June-11	June-10	
a) Gross written premium income	Rs. Crore			
First year premium		12.2	2.2	444%
Renewal premium		1.5	-	
<b>Total</b>		<b>13.7</b>	<b>2.2</b>	<b>511%</b>
b) Net Earned Premium	Rs. Crore	6.9	0.1	-
c) Average premium realization per life	Rs.	5,741	5,636	2%
d) Conservation ratio	%	66%	-	
e) Number of agents	No.	5410	1039	421%
f) Paid up Capital	Rs. Crore	291	236	23%
g) No. of Lives	No.	23,851	3,979	499%

- Profit at Rs. 11 Cr for Q1FY12 grows 98% y-o-y
- All BOPP lines are operating at 100% capacity utilization
- Higher margin realization on the back of better product mix and cost optimization

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun 11	Jun 10	
a) Sales Quantity – BOPP	Tons	12,847	7,269	77%
b) Revenue*	Rs. Crore	179	92	95%
c) Profitability:				
Contribution Margin**	Rs. Crore	57	32	79%
	%	32%	35%	
EBITDA	Rs. Crore	21	11	89%
	%	11%	12%	
PBT	Rs. Crore	11	5	98%
	%	6%	6%	

\*Extraordinary Income of Rs. 17 Cr. on account of settlement of GBC Litigation has not been considered above

\*\*Contribution Margin is calculated as revenue less raw material consumption.

## Financial Performance

- Revenue for Q1FY12 at Rs. 3 Cr. up 30% y-o-y
- Loss for Q1FY12 at Rs. 2.5 Cr. against loss of Rs. 1.7 Cr. in Q1FY11
- Order book of Rs. 31 Cr. as at June'11 end with net addition of Rs. 3 Cr. during Q1FY12

## Operational Performance

- Client base stands at 77
- 247 studies being executed across 433 sites.
- Database of principal investigators expands to around 1,400 physicians
- Patient retention rate maintained at 92%

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