



# Max India Limited

## Investor Release

### August 2012

#### *Disclaimer*

*This release is a compilation of unaudited financial and other information 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

Max India treasury corpus grows to Rs. 860 Cr.

- MS&AD concludes acquisition of 26% stake in Max Life
- Deal values Max Life at Rs. 10,504 Cr.
- Max India receives net cash flow of Rs. 802 Cr. (pre-tax) from the deal
- Max India profit for Q1'FY13 grows 9x to Rs. 874 Cr. led by profit from this deal
- Max India acquires 1% stake from Axis Bank for Rs. 103 Cr.
- Put option for the remaining 3% stake deferred from Oct'13 earlier to 1% each in Oct'14, Oct'15 & Oct'16

Max Life proposes maiden dividend to its shareholders

- Max Life board has in-principle agreed for an interim dividend for its shareholders for the half-year ending September 2012, subject to requisite approvals
- Max Life has a solvency surplus of Rs. 1,646 Cr. as at June end

Max Healthcare posts strong growth in revenue and significant improvement in profitability

- Revenue grows 37% to Rs. 260 Cr. in Q1FY13
- EBITDA turns positive at Rs. 19 Cr. in Q1'FY13 from a negative EBITDA in Q4'FY12. The business also turns cash positive during the quarter
- EBITDA margin also improves to healthy 7.6%



# Consolidated Financial Snapshot (Q1'FY13)

(Rs. Cr.)

Particulars	Quarter ended		Y-o-Y Growth
	Q1'FY13	Q1'FY12	
Total Revenue*	2,813	2,021	39%
Operating Revenue	1,731	1,676	3%
EBITDA	926	151	514%
PBT	874	97	800%

Particulars	30- Jun-12	31- Mar-12	Growth
Net Worth (after Minority Interest)	3,193	2,513	27%
Preference Shares	125	125	-
Loan Funds	548	549	-
Fixed Assets (Net Block)	1,293	1,256	3%
Treasury Corpus (Debt M. Funds & Term Deposits)	905	397	128%
Life Insurance Investments (AUM)	17,805	17,215	3%

## Revenue and Profitability

- Individual First Year Premium (adjusted for single pay) at Rs. 267 Cr., declines 19% y-o-y on account of changes in union budget requiring refilling of some of its products
- Gross Premium Income for Q1'FY13 at Rs. 1,344 Cr. declines 2% y-o-y
- Product mix for the quarter: Par 78%, Non-par 9%, ULIP 13%
- Expenses of Management Ratio for Q1'FY13 at 30.0% against 31.5% for Q1 FY12
- Shareholder Profit for Q1'FY13 at Rs. 128 Cr., against Rs. 131 Cr. in Q1FY12

## Other Business Drivers

- AUM at Rs. 17,805 Cr. as at June 30, 2012 grows 22% y-o-y
- Over 3.5 million policies in-force grows 3% y-o-y
- Sum assured in-force over Rs. 155,000 Cr. as at June 30, 2012 grows 12% y-o-y
- Business capitalised at Rs. 2,127 Cr as at June 30, 2012; solvency surplus of Rs. 1,566 Cr.

## Agency Performance

- Agency base expands to around 39,000 agents; ~3,400 agents added during the quarter
- Average case size maintained at around Rs. 23,000 and average case rate around 0.5



# Max Life Insurance



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Q1 FY13	Q1 FY12	
a) Gross written premium income	Rs. Crore			
First year premium		275	334	-18%
Renewal premium		994	966	3%
Single premium		75	73	3%
<b>Total</b>		<b>1,344</b>	<b>1,373</b>	<b>-2%</b>
b) Shareholder Profit (PBT)	Rs. Crore	128	131	-2%
c) Expenses of Management	%	30.0%	31.5%	
d) Individual Adjusted Premium (APE*)	Rs. Crore	267	329	-19%
e) Conservation ratio**	%	76%	77%	
f) Average case size	Rs.	22,758	23,041	-1%
g) Case rate per agent per month	No.	0.47	0.53	-11%
h) Number of agents	No.	38,772	40,542	-4%
i) Capital Infused	Rs. Crore	2,127	1,976	8%
j) Individual Policies in force	No. Lacs	35	34	3%
k) Sum insured in force	Rs. Crore	155,148	138,738	12%

\*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 Q1'FY13 at Rs. 260 Cr., grows 37% y-o-y
- Average Revenue per Occupied bed day\* for Q1'FY13 at Rs. 25,307 grows 7% y-o-y

## Profitability

- Contribution Margin for Q1 'FY13 at Rs. 159 Cr. grows 42% y-o-y
- Contribution margin improves from 59.9% in Q1FY12 to 62% in Q'1FY13
- Significant improvement in profitability with EBITDA turning positive at Rs. 19 Cr. in Q1'FY13 from a negative EBITDA in Q4'FY12. EBITDA margin for the quarter improves to 7.4%

## Other Drivers

- Average Occupancy\*\* across all healthcare care facilities at 68% in Q1'FY13 in line with the previous year despite 29% addition in operational beds to 1,188
- Average length of stay in Q1'FY13 maintained at 3.5 days
- Registered patient base expands to around 1.4 million patients with average patient transactions close to 300,000 a month

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

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



# Max Healthcare\*



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Q1 FY13	Q1 FY12	
a) Revenue (Gross)	Rs. Crore			
Inpatient Revenue		187.2	135.6	38%
Day Care Revenue		8.8	5.8	50%
Outpatient Revenue		64.3	48.2	33%
<b>Total</b>		<b>260.3</b>	<b>189.7</b>	<b>37%</b>
b) Profitability				
Contribution Margin	Rs. Crore	158.7	112.0	42%
Contribution (%)	%	61.0%	59.0%	
EBITDA	Rs. Crore	19.4	11.0	76%
EBITDA (%)	%	7.4%	5.8%	
c) Patient Transactions (No. of Procedures)	No.			
Inpatient Procedures		21,046	16,271	29%
Day care Procedures		3,790	2,614	45%
Outpatient Registrations		864,896	790,836	9%
d) Average Inpatient Operational Beds	No.	1,188	923	29%
e) Average Inpatient Occupancy	%	68.4%	68.3%	
f) Average Length of Stay	No.	3.5	3.5	-
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	25,307	23,666	7%

\*The above results are for MHC Network of hospitals and includes results for Max Super Specialty Hospital, Saket, unit of Devki Devi Foundation and Max Super Specialty Hospital, Patparganj, unit of Balaji Medical and Diagnostic Research Centre

## Business Drivers

- Gross Written Premium for Q1'FY13 at Rs 36 Cr, grows 165% y-o-y
- Conservation ratio for Q1'FY13 at 83%
- 86,000 lives covered in Q1'FY13, grows 236%; lives-in-force close to 270,000

## Capital Requirement

- Peak equity commitment of Rs. 690 Cr.; Rs. 449 Cr. infused as of date

## Products & Distribution

- Fixed benefit products IRDA approval received and launched in July
- Heartbeat V2 is well accepted in the market, Version 3 with enhanced features under development
- Distribution Network
  - 11 Branch offices; 400+ cities covered through telesales; board approved another 8 small offices for agency expansion approved by IRDA
  - Pilot Project under implementation to capitalize on group synergies currently being carried across 25 agency offices of Max Life
- Provider network of expanded further to 1,270 hospitals





# Max Bupa Health Insurance



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Q1FY 13	Q1FY 12	
a) Gross written premium income	Rs. Crore			
First year premium		25.0	12.2	104%
Renewal premium		11.4	1.5	
<b>Total</b>		<b>36.4</b>	<b>13.7</b>	<b>165%</b>
b) Net Earned Premium	Rs. Crore	25.0	6.9	262%
c) Average premium realization per life (B2C)	Rs.	5,243	5,768	-9%
d) Conservation ratio	%	83%	66%	
e) Number of agents	No.	6,788	5,410	25%
f) Paid up Capital	Rs. Crore	419.5	291	44%
g) No. of Lives	No.	85,878	25,546	236%

- Revenue for Q1 FY13 at Rs. 202 Cr grows 13% y-o-y
- Contribution margin in Q1'FY13 at 19% in line with Q1'FY12
- EBITDA at Rs. 25 Cr for Q1'FY13, grows 20% y-o-y
- All BOPP lines are operating at 100% capacity utilization

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun-12	Jun-11	
a) Sales Quantity – BOPP	Tons	13,929	12,847	8%
b) Revenue	Rs. Cr.	202	179	13%
c) Profitability:				
Contribution Margin*	Rs. Cr.	39	34	14%
	%	19%	19%	-
EBITDA	Rs. Cr.	25	21	20%
	%	12%	11%	-
PBT	Rs. Cr.	15	11	39%
	%	7%	6%	

\*Contribution Margin is calculated as revenue less raw material consumption, power & fuel, packing material and freight

## Financial Performance

- Revenue for Q1'FY13 at Rs. 6 Cr., grows 80% y-o-y
- Net Loss for Q1'FY13 reduces to Rs. 0.6 Cr. from net loss of Rs. 2.5 Cr. in Q1'FY12

## Operational Performance

- Current order book around Rs. 32 Cr.
- Client base stands at 103 with gross addition of 6 during Q1 FY13
- 291 studies being executed across 507 sites
- Database of principal investigators expands to 1,850 physicians
- Patient retention rate maintained at 92%



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