

# Max India Limited

## Investor Release August, 2013

### *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.*

# Consolidated Financial Snapshot (Q1FY14)

(Rs. Cr.)

Particulars	Quarter ended		Y-o-Y Growth
	Jun-13	Jun-12*	
Total Revenue	2,333	2,813	-17%
Operating Revenue	1,722	1,731	-
EBITDA	97	926	-90%
PBT	42	874	-95%

Particulars	30-Jun-13	31- Mar-13	Growth
Net Worth	2,913	2,903	3%
Preference Shares	125	125	-
Loan Funds	661	676	-3%
Fixed Assets (Net Block)	1,379	1,361	1%
Treasury Corpus (Debt M. Funds & Term Deposits)	430	409	5%
Life Insurance Investments (AUM)	21,286	20,458	4%

\* Includes one off income from PMCC deal

## Revenue and Profitability

- Max Life's share of private sector grows to 11.6% in the quarter; gains 167 bps market share and is ranked 3<sup>rd</sup> amongst the private players
- Individual First Year Premium (adj. for single pay) for Q1FY14 at Rs. 294 Cr., grows 10% y-o-y
- Product mix for the quarter: Par 73%, Non-par 17%, ULIP 10%
  - ULIP Pension product launched in Q2
- Shareholder Profit Before Tax for Q1FY14 at Rs. 112 Cr; lower than Rs. 128 Cr. in Q1FY13 partly due to sale of products with higher new business strain in the first year and partly due to high one-off surrender income reflected in Q1FY13

## Other Key Metrics

- AUM at Rs. 21,286 Cr. as at June 30, 2013; grows 20% y-o-y
- Marginal decline in conservation ratio primarily due to surrenders in old ULIP book; expected to get reversed during the year given renewal trend experience of prior years
- Sum assured in-force over Rs. 178,000 Cr. as at June 30, 2013; grows 14% y-o-y
- Business capitalised at Rs. 2,127 Cr. as at June 30, 2013; solvency surplus of Rs. 1,863 Cr. and solvency margin at 524%
- Agency New Work System rolled out to 37 offices, initial outcomes encouraging. 20% YoY increase in sales for NWS branches, recruitment up by 27% YoY

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun'13	Jun'12	
a) Gross written premium income	Rs. Crore			
First year premium		302	275	10%
Renewal premium		941	994	-5%
Single premium		82	75	9%
<b>Total</b>		<b>1,325</b>	<b>1,344</b>	<b>-1%</b>
b) Shareholder Profit (pre-tax)	Rs. Crore	112	128	-13%
c) Expenses of Management	%	22.4%	21.8%	3%
d) Individual Adjusted Premium (APE*)	Rs. Crore	294	267	10%
e) Conservation ratio**	%	77%	79%	-3%
f) Average case size	Rs.	26,664	22,759	17%
g) Case rate per agent per month	No.	0.37	0.47	-21%
h) Number of agents	No.	39,132	38,761	1%
i) Paid up Capital	Rs. Crore	2,127	2,127	0%
j) Individual Policies in force	No. Lacs	35	35	1%
k) Sum insured in force	Rs. Crore	178,420	155,148	14%

\*Individual APE (100% FYP+10%Individual Single Premium). This doesn't adjust limited premium for 50%.

\*\* As per New Definition

\*\*\* Including Share premium

## Revenue

- Revenue across network of hospitals for Q1FY14 grows 21% y-o-y to Rs. 319 Cr led by 192% growth in New Hospitals;
- 6% revenue growth in existing hospitals as decision to replace low margin institutional business with retail business in key hospitals implemented
- Average Revenue per Occupied bed day\* for Q1FY14 at Rs. 26,541, up 4% y-o-y

## Profitability

- Contribution for Q1FY14 at Rs. 196 Cr., grows 23% y-o-y
- Contribution margin improves from 60% in Q1FY13 to 61% in Q1FY14
- Q1FY14 EBITDA declines marginally to 17 Cr vis-à-vis 19.4 Cr in Q1FY13, primarily due to:
  - temporary lag in revenue growth in existing hospitals on account of institutional business shift
  - new hiring to develop new specialties in oncology and organ transplant
- EBITDA drag from Wave 2 hospitals gradually declining

## Other Drivers

- Avg. Occupancy\*\* across all healthcare care facilities improves to 69.6% in Q1FY14 on the back of improving occupancy levels at Wave 2 Hospitals
- Average length of stay increases 1% to 3.47 days as ALOS at New Hospitals yet to stabilise
- Registered patient base touching 1.8 million; growth of over 23% over June 2012 levels

\* 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
		Jun-13	Jun-12	
a) Revenue (Gross)	Rs. Crore			
Inpatient Revenue		235	189	24%
Day Care Revenue		11	9	19%
Outpatient Revenue		71	63	12%
Other Operating Income		2	2	-
<b>Total</b>		<b>319</b>	<b>263</b>	<b>21%</b>
b) Profitability				
Contribution	Rs. Crore	196	159	23%
Contribution (%)	%	61.4%	60.5%	-
EBITDA	Rs. Crore	17	19	-12%
EBITDA (%)	%	5.3%	7.4%	-
c) Patient Transactions (No. of Procedures)	No.			
Inpatient Procedures		25,458	21,530	18%
Day care Procedures		4,115	3,790	9%
Outpatient Registrations		875,835	865,451	1%
d) Average Inpatient Operational Beds	No.	1,394	1,188	17%
e) Average Inpatient Occupancy	%	69.6%	68.4%	-
f) Average Length of Stay	No.	3.47	3.44	-1%
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	26,541	25,530	4%

\*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 Q1FY14 at Rs 60 Cr, grows 64% y-o-y
- Conservation ratio for Q1FY14 marginally declines to 80% against 83% in Q1FY13
- Urban lives-in-force crosses 500K, over 129K lives covered in Q1FY14

## Capital Requirement

- Peak equity commitment of Rs. 680 Cr.; Rs. 531 Cr. infused as at June 30, 2013

## Products & Distribution

- Group Personal Accident (GPA) approved by IRDA on 1<sup>st</sup> May'13; launched on 15<sup>th</sup> May'13
- Significant traction on bancassurance tie-up discussions with various banks
- Distribution Network
  - Office network expands to 21; opening of 15 more offices approved by Max Bupa Board
  - Provider network expanded further to around 2,290 hospitals; expected to cross 3000 mark by 2013 end.

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun-13	Jun-12	
a) Gross written premium income	Rs. Crore			
First year premium		32.3	25.1	29%
Renewal premium		27.5	11.3	143%
<b>Total</b>		<b>59.8</b>	<b>36.4</b>	<b>64%</b>
b) Net Earned Premium	Rs. Crore	47.7	25.0	91%
c) Average premium realization per life (B2C)	Rs.	5,391	5,243	3%
d) Conservation ratio (B2C)	%	80%	83%	-3%
e) Number of agents	No.	9,980	6,788	47%
f) Paid up Capital	Rs. Crore	531.0	419.5	27%
g) No. of Lives (Excl. Rural & Social)	No.	129,282	78,804	64%



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun-13	Jun-12	
a) Sales Quantity – BOPP	Tons	11,222	13,929	(19%)
b) Revenue	Rs. Cr.	159	202	(21%)
c) Profitability:				
Contribution Margin	Rs. Cr.	26	39	(34%)
	%	16%	19%	
EBITDA	Rs. Cr.	12	25	(52%)
EBITDA%	%	7%	12%	
PBT	Rs. Cr.	2	15	(90%)
	%	1%	7%	

- Transfer of business to a subsidiary approved by Shareholders. Implementation post requisite regulatory approvals
- Market conditions deteriorated considerably after Q1FY13; however, prices and demand have witnessed an upswing in Q1FY14 making the full year outlook encouraging
- Contribution and profitability witness considerable sequential improvement:
  - EBITDA up from Rs. 1 Cr in Q4FY13 to Rs. 12 Cr in Q1FY14
  - PBT of Rs. 2 Cr in Q1FY14 vis-à-vis loss of Rs. 8 Cr in Q4FY13

## Financial Performance

- Revenue for Q1FY14 at Rs. 4 Cr., down 13% vis-à-vis Rs.5.7 Cr in Q1FY 13 as regulatory uncertainty continues to impact new clinical research projects
- Net Loss for Q1FY14 at Rs. 1.7 Cr vis-à-vis net profit of Rs. 0.6 Cr. in Q1FY13 on the back of lower volumes as well as order execution continuing to be impacted by delays in regulatory approvals

## Operational Performance

- Current order book stands at Rs. 22 Cr
- Client base stands at 110
- 321 studies being executed across 543 sites
- Database of principal investigators maintained at 2,000 physicians
- Patient retention rate maintained at 92% in Q1FY14

# Back Pack

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun-13	Jun-12	
a) Revenue (Gross)	Rs. Crore			
Inpatient Revenue		185	173	7%
Day Care Revenue		10	9	14%
Outpatient Revenue		61	59	4%
Other Operating Income		1	1	-
<b>Total</b>		<b>257</b>	<b>242</b>	<b>6%</b>
b) Profitability				
Contribution	Rs. Crore	156	146	7%
Contribution (%)	%	60.8%	60.2%	-
EBITDA	Rs. Crore	25	29	-14%
EBITDA (%)	%	9.8%	12.0%	-
c) Patient Transactions (No. of Procedures)	No.			
Inpatient Procedures		19,626	19,053	3%
Day care Procedures		3,516	3,430	3%
Outpatient Registrations		703,382	794,577	-11%
d) Average Inpatient Operational Beds	No.	1,014	986	3%
e) Average Inpatient Occupancy	%	73.3%	73.7%	-
f) Average Length of Stay	No.	3.45	3.47	1%
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	27,300	26,167	4%

\*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

<sup>^</sup> Excludes Mohali, Bathinda, Dehradun and Shalimar Bagh

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth
		Jun-13	Jun-12	
a) Revenue (Gross)	Rs. Crore			
Inpatient Revenue		50	16	212%
Day Care Revenue		1	0.5	115%
Outpatient Revenue		10	4	129%
Other Operating Income		0	0	-
<b>Total</b>		<b>61</b>	<b>21</b>	<b>192%</b>
b) Profitability				
Contribution Margin	Rs. Crore	38	13	192%
Contribution (%)	%	63.5%	63.5%	-
EBITDA	Rs. Crore	(8)	(10)	22%
EBITDA (%)	%	-12.8%	-48.0%	-
c) Patient Transactions (No. of Procedures)	No.			
Inpatient Procedures		5,832	2,477	135%
Day care Procedures		599	360	66%
Outpatient Registrations		172,453	70,874	143%
d) Average Inpatient Operational Beds	No.	380	202	88%
e) Average Inpatient Occupancy	%	59.6%	42.8%	77%
f) Average Length of Stay	No.	3.54	3.18	-10%
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	24,050	20,177	19%

<sup>^</sup> Only results for Mohali, Bathinda, Dehradun and Shalimar Bagh hospitals

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