

# Max India Limited

## Investor Release November 2011

### *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 ties up largest FDI in Indian healthcare space for Max Healthcare

- Life Healthcare to acquire 26% stake in MHC through fresh infusion of Rs. 516.5 Cr. at Rs. 50.37 per share
- All cash deal puts enterprise value of Max Healthcare (MHC) at over Rs. 2,300 Cr
- Creates a new valuation benchmark, sets performance linked targets for MHC IPO
- LHC operates 63 hospitals and 8,000+ beds in South Africa
- 2nd largest hospital operator in SA with 27% market share and market cap of over USD 2.5 Bn
- MHC achieves financial closure for capacity expansion to 1,900 beds
- Potential Synergies and improved operational efficiencies to enhance MHC's profitability and add significant value
- High cost debt at MHC to be redeemed/refinanced, debt:equity ratio to improve to 1:1
- Max India to have cash inflows/savings of Rs. 300 Cr. from the deal... MHC rights issue to be annulled; Max India preference shares of Rs. 150 Cr. to be redeemed
- LH to have two directors on the board of MHC with statutory rights available under law as affirmative rights

## Max India sustains strong financial performance

- Net Profit for Q2 FY12 at Rs. 58 Cr. against loss of Rs. 97 Cr. for Q2 FY11
- PBT for Q2 FY12 at Rs. 82 Cr. against loss of Rs. 125 Cr. for Q2 FY11
- Operating Revenue for Q2 FY12 at Rs. 1,806 Cr., grows 16% y-o-y
- Treasury Corpus of Rs.409 Cr. as at September 30, 2011
- Max India acquires WP's stake in MHC and consolidates its shareholding in MHC to ~91% before diluting stake in favor of LH

## MNYL overall half yearly profits grows 8 times to Rs. 375 Cr.

- Shareholder Profit for Q2 FY12 at Rs. 133 Cr. against loss of Rs. 81 Cr. in Q2 FY11
- Gains 3% market share amongst private life insurers from 6.8% in H1 FY11 to 9.8% in H1 FY12  
MNYL de-growth for the period at 19% against 43% for private life insurers
- Monthly Income Plan - launched a non-participating product that provides regular flow of income, with payout indexed to a benchmark G Sec rate, base guarantee and comprehensive protection

## Max Healthcare refines organizational leadership

- Dr. Ajay Bakshi appointed as CEO, Dr. Abha Agrawal as COO and Mr. Ranvir Bhandari as CSO (Chief Services Officer)
- Dr. Pradeep Chowbey and Dr. SKS Marya elevated to Vice Chairmen on MHC's Board
- MHC soft launches Shalimar Bagh (300 beds), Mohali (200 beds) and Bathinda (200 beds) hospitals... expands capacity to 1,800 beds
- Launch of Dehradun hospital in Q4 FY12 (180 beds)

## Max Bupa sustains encouraging sales trend, 97,000+ lives in force

- Gross written premium of Rs. 21.9 Cr. from 39,000 lives covered in Q2 FY12
- Diversified product portfolio – IRDA approval received for two more products
- Organization's excellence and achievement in IT gets recognition with InformationWeek EDGE Award

## MSF achieves 100% capacity utilisation within 3 months of expansion

- EBITDA for Q2 FY12 at Rs. 19 Cr., grows 50% y-o-y
- Sales quantity for Q2 FY12 at 13,870 tons, grows 83% y-o-y

# Consolidated Financial Snapshot (Q2 FY12)

## Operating Revenue at Rs. 1,806 Cr., Up 16%

(Rs. cr.)

Particulars	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
	Sep-11	Sep-10		Sep-11	Sep-10	
Operating Revenue	1,806	1,557	16%	3,482	3,052	14%
Total Revenue	1,996	2,257	(12)%	4,017	4,095	(2)%
EBITDA	111	(17)	-	262	18	-
Profit/(Loss) Before Tax	82	(125)	-	179	(151)	-

Particulars	Sept 30, 2011	Mar 31, 2011	Growth
Net Worth	2,148	1,944	10%
Preference Shares	250	250	-
Loans Funds	515	507	2%
Fixed Assets (Net Block)	1,280	1,126	14%
Treasury Corpus (Debt M. Funds & Term Deposits)	409	540	-
Life Insurance Investments (AUM)	14,708	13,836	6%

## Revenue and Profitability

- Gross Premium Income for Q2 FY12 at Rs. 1,500 Cr. grows 10% y-o-y
- Individual First Year Premium (adjusted for single pay) at Rs. 341 Cr., declines 23% y-o-y
- Traditional products contribute 84% to new sales for the quarter
- Expenses of Management Ratio for Q2 FY12 at 29.7% against 42.1% for Q2 FY11

## Other Business Drivers

- AUM at Rs.14,708 Cr. as at Sept 30, 2011 grows 20% y-o-y
- Over 3.4 million policies in-force grows 9% y-o-y
- Sum assured in-force around Rs. 148,000 Cr. as at Sept 30, 2011 grows 3% y-o-y
- Business capitalised at Rs.1,976 Cr as at Sept 30, 2011; solvency surplus of Rs. 1,074 Cr.
- Brand Awareness at 97% in September 2011

## Agency Performance

- Average case size per agent at Rs. 23,248 for Q2 FY12, grows 2% y-o-y
- Average case rate per agent maintained at 0.50

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
		Sep-11	Sep-10		Sep-11	Sep-10	
a) Gross written premium income	Rs. Crore						
First year premium		357	453	(21)%	690	858	(20)%
Renewal premium		1,063	852	25%	2,030	1,697	20%
Single premium		80	57	40%	153	110	39%
<b>Total</b>		<b>1,500</b>	<b>1,361</b>	<b>10%</b>	<b>2,873</b>	<b>2,665</b>	<b>8%</b>
b) Shareholder Profit	Rs. Crore	133	(81)	-	263	(65)	-
c) Expenses of Management	%	29.7%	42.1%	-	31.3%	42.9%	-
d) Individual Adjusted Premium (APE*)	Rs. Crore	341	442	(23)%	670	826	(19)%
e) Conservation ratio**	%	80%	82%		79%	81%	
f) Average case size	Rs.	23,248	22,714	2%	23,141	23,088	0.2%
g) Case rate per agent per month	No.	0.50	0.50	-	0.52	0.54	(5)%
h) Number of agents	No.				40,025	66,647	(40)%
i) Paid up Capital	Rs. Crore				1,976	1,976	-
j) Individual Policies in force	No.				3,427,754	3,147,329	9%
k) Sum insured in force	Rs. Crore				147,625	142,873	3%

\*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 Q2FY12 at Rs. 198 Cr., grows 16% y-o-y
- Average Revenue per Occupied bed day\* for Q2FY12 at Rs. 22,670 grows 15% y-o-y

## Profitability

- EBITDA for Q2 FY12 at Rs. 8.7 Cr. declines 4% y-o-y as new beds commence operations
- EBITDA Margin for Q2 FY12 at 4.4% against 5.4% in Q2 FY11

## Other Drivers

- Average Occupancy\*\* across all healthcare care facilities at 74.2% in Q2 FY12 against 72.6% in Q2 FY11
- Average length of stay for Q2 FY12 maintained at 3.6 days
- Over 1,400 Doctors, 1800 Nurses and 600 para-medical staff across network of hospitals
- Registered patient base around 1.2 million patients with average patient transactions close to 270,000 a month

\* 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	Half Year Ended		Y-o-Y Growth
		Sep-11	Sep-10		Sep-11	Sep-10	
a) Revenue (Gross)	Rs. Crore						
Inpatient Revenue		142	122	16%	277	237	17%
Day Care Revenue		6	4	36%	12	10	21%
Outpatient Revenue		50	44	15%	98	82	20%
<b>Total</b>		<b>198</b>	<b>170</b>	<b>16%</b>	<b>387</b>	<b>329</b>	<b>18%</b>
b) Profitability							
Contribution Margin	Rs. Crore	118	101	17%	230	193	20%
Contribution (%)	%	59.9%	59.5%		59.5%	58.5%	
EBITDA	Rs. Crore	8.7	9.1	(4)%	19.8	13.9	42%
EBITDA (%)	%	4.4%	5.4%		5.1%	4.2%	
c) Patient Transactions (No. of Procedures)	No.						
Inpatient Procedures		17,328	17,141	1%	33,599	32,115	5%
Day care Procedures		2,617	1,827	43%	5,231	3,575	46%
Outpatient Registrations		772,302	748,110	3%	1,563,138	1,402,973	11%
d) Average Inpatient Operational Beds	No.	915	928	(1)%	919	919	-
e) Average Inpatient Occupancy	%	74.2%	72.6%		71.2%	68.3%	
f) Average Length of Stay	No.	3.61	3.62		3.54	3.58	
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	22,670	19,695	15%	23,172	20,673	12%

## Business Drivers

- Gross Written Premium for Q2 FY12 at Rs 21.9 Cr, grows 268% y-o-y
- Conservation ratio at 55% for Q2 FY12
- 39,000 + lives covered in Q2 FY12, 97,000+ lives as of September 2011
- 700 employees on board

## Capital Requirement

- Peak equity commitment of Rs. 690 Cr.; Rs. 352 Cr. infused as of date

## Products & Distribution

- New products: IRDA approvals received for
  - Employee First Classic
  - Health Companion
- Aggressive agent hiring underway; as of June 2011, 6,600+ agents on board
- Distribution Network
  - No. of Branch offices – 11
  - In addition sales in 400+ cities all across India through telesales
- Provider network of 900+ hospitals

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
		Sep-11	Sep-10		Sep-11	Sep-10	
a) Gross written premium income	Rs. Crore						
First year premium		18.0	5.9	203%	30.2	8.2	269%
Renewal premium		3.8	-		5.3	-	
<b>Total</b>		<b>21.9</b>	<b>5.9</b>	<b>268%</b>	<b>35.6</b>	<b>8.2</b>	<b>334%</b>
b) Net Earned Premium	Rs. Crore	10.6	1.2	775%	17.5	1.3	1207%
c) Average premium realization per life	Rs.	5,524	5,823	(5)%	5,610	5,771	(3)%
d) Conservation ratio	%	55%	-		57%	-	
e) Number of agents	No.				6,601	2,323	184%
f) Paid up Capital	Rs. Crore				329	220	50%
g) No. of Lives	No.	39,574	10,207	288%	63,425	14,186	347%

- Revenue for Q2 FY12 at Rs. 176 Cr grows 79% y-o-y
- Profit at Rs. 9.3 Cr for Q2 FY12 grows 8% y-o-y
- All BOPP lines are operating at 100% capacity utilization

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
		Sep-11	Sep-10		Sep-11	Sep-10	
a) Sales Quantity – BOPP	Tons	13,870	7,571	83%	26,807	14,840	81%
b) Revenue*	Rs. Crore	176	99	79%	355	190	87%
c) Profitability:							
Contribution Margin**	Rs. Crore	58	36	62%	115	67	70%
	%	33%	36%	-	32%	35%	-
EBITDA	Rs. Crore	19	13	50%	40	24	68%
	%	11%	13%	-	11%	12%	-
PBT	Rs. Crore	9.3	8.6	8%	20	14	43%
	%	5%	9%		6%	7%	

\*Extraordinary Income of Rs. 17 Cr. in H1FY11 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 Q2 FY12 at Rs. 5.8 Cr. declines 15% y-o-y and for H1FY12 at Rs. 8.8 Cr., declines 3% y-o-y
- Profit for Q2 FY12 at Rs. 0.7 Cr. against profit of Rs. 2.3 Cr. in Q2 FY11 and loss for H1FY12 at Rs. 1.8 Cr. against profit of Rs. 0.5 Cr.
- Order book of Rs. 32 Cr. as at Sept'11 end with net addition of Rs. 7 Cr. during Q2 FY12

## Operational Performance

- Client base stands at 88 with gross addition of 6 during Q2 FY12
- 259 studies being executed across 456 sites
- Database of principal investigators expands to 1,500 physicians
- Patient retention rate maintained at 92%

**MAX INDIA LTD.**

**Max House, Okhla, New Delhi – 110 020**

**Phone: +91 11 26933601-10 Fax: +91 11 26933619**

**Website: [www.maxindia.com](http://www.maxindia.com)**