



# Max India Limited

## Investor Release November, 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.*



## Max India – Q2FY14 Key Highlights

### Max India

- Operating revenue grows 12% to Rs.2,158 Cr
- PBT up 116% to Rs.93 Cr
- Board approved an interim dividend of Rs.1.80 per share

### Max Life

- APE up 13% to Rs.415 Cr. backed by strong performance from Agency Channel. YTD Private market share up 92bps to 10.4%
- Shareholder PBT up 20% to Rs. 136 Cr
- Max Life pays interim dividend of Rs.128 Cr (excl tax) to its shareholders
- ~80% products approved

### Max Healthcare

- Revenue up 28% to Rs.351 Cr
- EBITDA grows 6x to Rs.31 Cr
- IFC converts preference shares to equity; stake up at 7.5%

### Max Bupa

- GWP for Q2FY14 up 73% to Rs. 71 Cr
- First bancassurance tie-up consummated with Deutsche Bank. Advanced discussions with several other Banks

### Antara

- Ground breaking of Dehradun Project completed, civil contractors appointed and all regulatory approvals received
- Pre-sales launched in Sep '13; response very encouraging



# Consolidated Financial Snapshot (Q2 & H1FY14)

(Rs. Cr.)

Particulars	Quarter ended		Y-o-Y Growth	Half year ended		Y-o-Y Growth
	Sep-13	Sep-12		Sep-13	Sep-12	
Total Revenue*	2,234	2,666	-16%	4,567	5,479	-17%
Operating Revenue	2,158	1,930	12%	3,880	3,661	6%
EBITDA	152	100	52%	249	1025	-76%
PBT**	93	43	116%	135	918	-85%

Particulars	30-Sep-13	31- Mar-13	Growth
Net Worth	2,919	2,903	1%
Preference Shares	125	125	-
Loan Funds	685	676	1%
Fixed Assets (Net Block)	1,395	1,361	2%
Treasury Corpus (Debt M. Funds & Term Deposits)	340	409	-17%
Life Insurance Investments (AUM)	21,735	20,458	6%

\*Revenue comprises of operating revenue, investment & other income; It includes Investment gain on UL portfolio (MLIC) of Rs. 182 Cr in H1FY14, against gain of Rs. 625 Cr in H1FY13. In Q2FY14 MLIC UL Investment loss is Rs 193 Cr vs. gain of Rs 641 Cr in Q2FY13. H1FY13 Revenue includes one off income of Rs. 804 Cr. from sale of stake to Mitsui Sumitomo Insurance

\*\* H1FY13 PBT includes one off profits of Rs. 794 Cr. from sale of stake to Mitsui Sumitomo Insurance

## Revenue and Profitability

- APE\* for Q2FY14 at Rs. 415 Cr., grows 13% y-o-y
- Max Life share of private market up from 9.1% in Q2FY13 to 9.7% in Q2FY14
- Gross Premium Income for Q2FY14 at Rs. 1,679 Cr. grows 8% y-o-y
- Product mix for the quarter: Par 66%, Non-par 22%, ULIP 12%
- Operating expense ratio improves from 19.4% in Q2FY13 to 18.3% in Q2FY14
- Shareholder Profit Before Tax for Q2FY14 up 20% to Rs. 136 Cr

## Other Key Metrics

- AUM at Rs. 21,735 Cr. as at Sep 30, 2013; grows 13% y-o-y
- Over 3.5 million policies in-force; grows 1% y-o-y
- Sum assured in-force touching Rs. 187,000 Cr. as at Sep 30, 2013; grows 18% y-o-y
- Conservation ratio\*\* improves to 79% vis-à-vis 77% in Q2FY13
- Agency New Work System rolled out to 77 offices, initial outcomes encouraging. 23% YoY increase in sales for NWS branches, recruitment up by 32% YoY
- Business capitalised at Rs. 2,127 Cr. as at Sep 30, 2013; solvency surplus of Rs. 1,941 Cr. and solvency margin at 520%

\*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)



# Max Life Insurance



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Half year ended		Y-o-Y Growth
		Sep-13	Sep-12		Sep-13	Sep-12	
a) Gross written premium income	Rs. Crore						
First year premium		416	370	13%	718	644	12%
Renewal premium		1,160	1,095	6%	2,101	2,089	1%
Single premium		103	93	12%	185	168	10%
<b>Total GWP</b>		<b>1,679</b>	<b>1,557</b>	<b>8%</b>	<b>3,005</b>	<b>2,901</b>	<b>4%</b>
b) Shareholder Profit (pre-tax)	Rs. Crore	136	114	20%	248	242	3%
c) Expenses of Management	%	18.3%	19.4%	6%	20.1%	20.6%	2%
d) Individual Adjusted Premium (APE*)	Rs. Crore	415	366	13%	709	635	12%
e) Conservation ratio**	%	79.0%	77.0%	3%	77.0%	77.0%	-
f) Average case size	Rs.	28,877	24,407	18%	27,884	23,578	18%
g) Case rate per agent per month	No.	0.43	0.44	-2%	0.40	0.45	-11%
h) Number of agents	No.	39,233	40,021	-2%	39,233	40,021	-2%
i) Paid up Capital	Rs. Crore	2,127	2,127	0%	2,127	2,127	0%
j) Individual Policies in force	No. Lacs	35	35	1%	35	35	1%
k) Sum insured in force	Rs. Crore	186,841	158,054	18%	186,841	158,054	18%

## Revenue

- Revenue across network of hospitals for Q2FY14 at Rs. 351 Cr., grows 28% y-o-y
- Average Revenue per Occupied bed day\* for Q2FY14 at Rs. 25,392, grows 5% y-o-y

## Profitability

- Contribution for Q2FY14 at Rs. 217 Cr., grows 30% y-o-y
- Contribution margin improves from 61.2% in Q2FY13 to 61.8% in Q2FY14
- Q2FY14 EBITDA grows 6x to Rs.31 Cr
- Cash profit of Rs.7.7 Cr versus cash loss of Rs.11.5 Cr in Q2FY13
- EBITDA drag from new hospitals significantly down from 13 Cr in Q2FY13 to 1 Cr in Q2FY14

## Other Drivers

- Avg. Occupancy\*\* across all healthcare care facilities improves to 77.7% in Q2FY14 from 70.2% in Q2FY13, despite 14% increase in avg. operational beds.
- Average length of stay at 3.58 days
- Registered patient base touching 1.9 million
- 1925 Physicians on roll vis-à-vis 1813 in Q2FY13

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

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



# Max Healthcare\* – Existing Hospitals<sup>^</sup>



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Half year ended		Y-o-Y Growth
		Sep-13	Sep-12		Sep-13	Sep-12	
a) Revenue (Gross)	Rs. Crore						
Inpatient Revenue		196	173	13%	381	346	10%
Day Care Revenue		10	8	34%	20	16	24%
Outpatient Revenue		66	59	11%	127	118	7%
Other Operating Income		-1	2	-	0	4	-
<b>Total</b>		<b>271</b>	<b>242</b>	<b>12%</b>	<b>528</b>	<b>484</b>	<b>9%</b>
b) Profitability							
Contribution Margin	Rs. Crore	167	146	14%	323	292	11%
Contribution (%)	%	61.5%	60.3%		61.2%	60.3%	
EBITDA	Rs. Crore	33	18	102%	58	48	131%
EBITDA (%)	%	12.0%	7.6%		11.0%	9.9%	
c) Patient Transactions (No. of Procedures)	No.						
Inpatient Procedures		21,252	19,945	7%	40,878	38,998	5%
Day care Procedures		3,714	3,106	20%	7,230	6,536	11%
Outpatient Registrations		788,329	807,836	-2%	1,491,711	1,602,413	-7%
d) Average Inpatient Operational Beds	No.	1,023	981	4%	1019	984	4%
e) Average Inpatient Occupancy	%	79.1%	76.8%		76.2%	75.2%	
f) Average Length of Stay	No.	3.50	3.47	-1%	3.48	3.47	-
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	26,349	24,955	6%	26,802	25,547	5%

\*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



# Max Healthcare – New Hospitals<sup>^</sup>



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Half year ended		Y-o-Y Growth
		Sep-13	Sep-12		Sep-13	Sep-12	
a) Revenue (Gross)	Rs. Crore						
Inpatient Revenue		65	25	165%	115	41	183%
Day Care Revenue		1	1	62%	2	1	81%
Outpatient Revenue		12	6	103%	22	10	114%
Other Operating Income		0	0	-	0	0	-
<b>Total</b>		<b>78</b>	<b>32</b>	<b>147%</b>	<b>139</b>	<b>52</b>	<b>165%</b>
b) Profitability							
Contribution Margin	Rs. Crore	50	22	133%	89	35	156%
Contribution (%)	%	64.3%	68.0%		63.9%	66.2%	-
EBITDA	Rs. Crore	(1)	(13)	91%	(9)	(23)	62%
EBITDA (%)	%	-1.5%	-42.1%		-6.4%	-44.4%	
c) Patient Transactions (No. of Procedures)	No.						
Inpatient Procedures		7,544	3,875	95%	13,376	6,352	111%
Day care Procedures		751	466	61%	1,350	826	63%
Outpatient Registrations		206,609	100,163	106%	379,062	171,037	122%
d) Average Inpatient Operational Beds	No.	417	280	49%	399	241	65%
e) Average Inpatient Occupancy	%	74.5%	47.0%	-	67.4%	45.3%	
f) Average Length of Stay	No.	3.79	3.13	-21%	3.68	3.15	-14%
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	22,898	20,402	12%	23,381	20,313	15%

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



## Business Drivers

- Gross Written Premium for Q2FY14 at Rs 71 Cr, grows 73% y-o-y
- Conservation ratio for Q2FY14 at 83% against 80% in Q2FY13
- Urban lives-in-force over 580K, 162K lives covered in Q2FY14
- Overall enrolled lives cross 1.3 million mark
- B2C market share is ~11% (Sep'13) Vs ~8% (Sep'12) of private players, a gain of 3%
- Market rank (private players) improved from 10 (FY13) to 7 in (Sep'13)

## Capital Investment

- Rs. 556 Cr. infused as at September 30, 2013

## Products & Distribution

- First Banca deal signed with Deutsche Bank; considerable traction on other Banca discussions
- All existing products are refiled and regularized as per revised product guidelines of IRDA
- Distribution Network
  - Office network stands at 21
  - Provider network expanded further to over 2,800 hospitals



# Max Bupa Health Insurance



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Half year ended		Y-o-Y Growth
		Sep-13	Sep-12		Sep-13	Sep-12	
a) Gross written premium income	Rs. Crore						
First year premium		39.2	27.8	41%	71.2	52.6	35%
Renewal premium		31.6	13.0	142%	59.1	24.4	142%
<b>Total</b>		<b>70.7</b>	<b>40.8</b>	<b>73%</b>	<b>130.3</b>	<b>77.0</b>	<b>69%</b>
b) Net Earned Premium	Rs. Crore	57.8	29.5	96%	105.5	54.5	93%
c) Average premium realization per life	Rs.	5,241	4,880	7%	5,308	5,040	5%
d) Conservation ratio	%	83%	80%	4%	82%	77%	6%
e) Number of agents	No.	10,124	7,415	37%	10,124	7,415	37%
f) Paid up Capital	Rs. Crore	556.0	448.5	24%	556.0	448.5	24%
g) No. of Lives (excl Rural & Social)	No.	162,310	88,491	69%	291,592	186,780	67%

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Half year ended		Y-o-Y Growth
		Sep-13	Sep-12		Sep-13	Sep-12	
a) Sales Quantity – BOPP	Tons	11,943	12,607	-5%	22,981	26,275	-13%
b) Revenue	Rs. Cr.	194	179	8%	353	381	-8%
c) Profitability:							
Contribution Margin	Rs. Cr.	32	24	35%	58	63	-7%
	%	17%	13%		16%	16%	
EBITDA	Rs. Cr.	16	11	46%	28	35	-23%
	%	8%	6%		8%	9%	
PBT	Rs. Cr.	5.2	1.1	354%	7	16	-58%
	%	3%	1%		2%	4%	

- Revenue up 22% over Q1FY14 as market upswing vis-à-vis H2FY13 continues
- EBITDA up 46% vis-à-vis Q2FY13 and 33% vis-à-vis Q1FY14
- Achieved highest contribution (Rs.25.7/kg) in Sep'13 since Jun-12... continuous uptrend since Jul-12
- PBT continues to show positive trends; up 160% vis-à-vis Q1FY14 and 354% over Q2FY13
- Aggressively tapping growth opportunities with key FMCG brands

## Financial Performance

- Total Revenue for Q2FY14 at Rs. 6.2 Cr vis-à-vis Rs.6.3 Cr in Q2FY13; revenues stable despite industry slowdown on account of regulatory uncertainty
- Pro-active cost rationalisation initiatives result in positive EBITDA of Rs.0.2 Cr in Q2FY14 as against negative Rs.0.1 Cr in Q2FY13; Loss before tax lower at Rs. 0.2 Cr versus Rs.0.4 Cr for Q2FY13

## Operational Performance

- Current order book stands at Rs. 22.5 Cr.
- Client base stands at 115
- 327 studies being executed across 548 sites
- Database of principal investigators maintained at 2,000 physicians
- Patient retention rate maintained at 92% in Q2FY14



**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)**