



Max India Limited

Investor Release

February 2011

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Max Group - Key Highlights

Max India turns profitable on a consolidated basis

- Profit for Q3FY11 at Rs. 38 Cr. against a loss of Rs. 94 Cr. in Q3FY10
- 16% y-o-y growth in operating revenue for the quarter to Rs. 1,678 Cr. and sharper focus on cost management turns Max India profitable
- Treasury Corpus of Rs. 580 cr. as at Q3FY11 end
- Max India to invest Rs. 150 Cr. in MHC, raised from IFC in 2009, in the form of a zero-coupon CCPS with a rear-ended IRR of 12% on conversion, at a valuation to be determined at the end of 5 years or on early conversion, at the option of Max India

MNYL realigns its strategy to adapt to changing regulatory landscape

- To cater to long-term savings and protection needs of mass affluent+ customers through a high quality agency supplemented by enduring bancassurance partnership.
- Strategic realignment reduces costs by around Rs. 400 Cr. and turns business profitable with no further capital requirement
- Tactical changes implemented to improve persistency and create a benchmark for the industry
- MNYL gains market share and climbs up to 6th position in league tables by managing a marginal de-growth of 4% in Q3FY11 against de-growth of 42% for private life insurers
- Seamless shift in product mix post new regulations with traditional products contributing 85% to the new sales for the quarter



Max Group - Key Highlights

MHC exhibits sequential quarterly improvement in EBITDA

- MHC posts EBITDA of approximately Rs. 18.5 Cr in Q3FY11, up 138% y-o-y
- EBITDA margins improve sequentially post significant expansion in Q4FY10 from 1.8% to 10.4% in Q3'FY11
- Max Super Specialty Hospital Saket declared the Best Large Private Hospital in the category of "Operational Excellence in Healthcare Delivery" at the FICCI Healthcare Excellence Awards

Max Bupa's initial sales tracking well

- Gross written premium of Rs. 15 Cr. from 27000 lives covered in 9 months
- Approval received from IRDA for 3 new products for International Medical Emergency, SME and Micro Insurance segments

MSF sustains increasing profitability trend

- Profitability at Rs. 13 Cr. Grows 149% y-o-y
- 70% capacity expansion, planned in March'11, on track

MIF wins Corporate and Social Governance Award

- Max India Foundation, the CSR arm of Max India, won the 6th Corporate and Social Governance Awards 2010 for the 'Best Corporate Social Responsibility Practices' from BSE



Consolidated Financial Snapshot*

- Operating Revenue for 9MFY11 at Rs. 4,732 Cr., Up 19%

(Rs. cr.)

Particulars	Quarter Ended		Y-o-Y Growth	Nine Months Ended		Y-o-Y Growth
	Dec-10	Dec-09		Dec-10	Dec-09	
Operating Revenue	1,678	1,442	16%	4,732	3,986	19%
Investment & Other Income	231	291	(20)%	1,274	1,886	(32)%
Total Revenue	1,909	1,733	10%	6,006	5,872	2%
Profit/(Loss) Before Tax	38	(94)	-	(98)	(180)	-

Particulars	30- Dec-10	31- Mar-10	Growth
Net Worth	1,926	1,996	(4)%
Preference Shares	250	250	-
Loans Funds	447	440	2%
Fixed Assets (Net Block)	1,040	965	-
Treasury Corpus (Debt M. Funds & Term Deposits)	580	909	(36)%
Life Insurance Investments (AUM)	13,016	10,121	29%

Revenue and Profitability

- Individual First Year Premium (adjusted for single pay) at Rs. 427 Cr., declined by 4% y-o-y
- Traditional products contribute 85% to new sales.
- Gross Premium Income for Q3FY11 at Rs. 1,465 Cr., grows 15% y-o-y
- Expenses of Management Ratio for the quarter improves from 42.6% to 31.1% y-o-y
- Profits for Q3FY11 at Rs. 81 Cr. against loss of Rs. 66 Cr in Q3FY10.
- Over 3.3 million policies in-force; grows 15% y-o-y

Other Business Drivers

- AUM around Rs.13,016 Cr. at the end of Q3FY11, growth of 43% y-o-y
- Sum assured in-force around Rs. 147,000 Cr. as at December 31, 2010, grows 28% y-o-y
- Business capitalised at Rs.1,976 Cr as at December 31, 2010; solvency surplus of Rs. 501 Cr.
- Brand Awareness improves from 82% in December 2009 to 94% in December 2010
- Received the Brand Excellence Award and recognition as 'Powerbrand' & 'Master Brand'.
- CII Commendation for Business Excellence.

Agency Performance

- Average case size per agent at Rs. 17,500 for Q3FY11 against Rs. 20,400, declined 14% y-o-y because of shift in product mix towards traditional products.
- Average case rate per agent for Q3FY11 at 0.73 grows 7% y-o-y.



Max New York Life Insurance



Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	9 months Ended		Y-o-Y Growth
		Dec-10	Dec-09		Dec-10	Dec-09	
a) Gross written premium income	Rs. Crore						
First year premium		436	460	(5)%	1,295	1,209	7%
Renewal premium		952	753	26%	2,649	2,109	26%
Single premium		77	59	31%	187	155	21%
Total		1,465	1,272	15%	4,130	3,473	19%
b) Individual Adjusted Premium (APE*)	Rs. Crore	427	442	(4)%	1,252	1,165	7%
c) Conservation ratio**	%	78%	82%	-	80%	84%	-
d) Average case size	Rs.	17,513	20,350	(14)%	21,131	20,402	4%
e) Case rate per agent per month	No.	0.73	0.68	7%	0.60	0.57	5%
f) Number of agents	No.				54,699	75,832	(28)%
g) Paid up Capital	Rs. Crore				1,976	1,784	11%
h) Individual Policies in force	No.				3,315,216	2,888,148	15%
i) Sum insured in force	Rs. Crore				146,652	114,341	28%

*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 Q3FY11 at Rs. 177 Cr., grows 27% y-o-y
- Average Revenue per Occupied bed day* for Q3FY11 at Rs. 22,079 grows 9.6%

Profitability

- EBITDA for Q3FY11, at Rs. 18.5 Cr., grows 138% y-o-y
- EBITDA Margin for Q3FY11 at 10.4% against 5.6% in Q3FY10

Operational Performance

- Average Occupancy** across all healthcare care facilities at 68% in Q3FY11 against 78.5% in Q3FY10. The average operational beds increase to 941 in Q3FY11 from 735 in Q3FY10
- Average length of stay for Q3FY11 maintained at 3.5 days

Other Drivers

- Around 1,200 Doctors, 1,700 Nurses and 600 para-medical staff across network of hospitals
- Registered patient base over 1.1 million patients with average patient transactions over 250,000 a month
- Launched various marketing initiatives such as Stroke & Chest Pain Help lines, AMEX Health Services Concierge etc. and New Corporate implants in Pipeline – Dell, HPCL Mittal, Samsung.
- Dedicated Interventional Neuro ICU launched & OPDs started outside NCR for Radiation Oncology

* 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	9 months Ended		Y-o-Y Growth
		Dec-10	Dec-09		Dec-10	Dec-09	
a) Revenue (Gross)	Rs. Crore						
Inpatient Revenue		130	107	22%	367	297	24%
Day Care Revenue		4	-	-	14	-	-
Outpatient Revenue		43	33	30%	126	90	39%
Total		177	140	27%	507	387	31%
b) Profitability							
Contribution Margin	Rs. Crore	108	81	34%	301	222	36%
Contribution (%)	%	60.9%	57.6%		59.4%	57.4%	
EBITDA	Rs. Crore	18.5	7.8	138%	32.4	20.8	55%
EBITDA (%)	%	10.4%	5.6%		6.4%	5.4%	
c) Patient Transactions (No. of Procedures)	No.						
Inpatient Procedures		16,898	15,483	9%	49,013	43,948	12%
Day care Procedures		1,889	-	-	5,464	-	-
Outpatient Registrations		717,326	577,171	24%	2,120,299	1,652,269	28%
d) Average Inpatient Operational Beds	No.	941	735	28%	926	729	27%
e) Average Inpatient Occupancy	%	68.0%	78.5%		68.2%	74.3%	
f) Average Length of Stay	No.	3.48	3.43	(1.6)%	3.55	3.39	(5)%
g) Avg. Revenue/Occupied Bed Day (IP)	Rs.	22,079	20,142	9.6%	21,140	19,886	6.3%

Initial sales tracking well

- Gross Written Premium of Rs 15.04 Cr collected in 9 months ended Dec'10
- 27,000 live enrolled in first 9 months
- 500+ employees on board

Capital Requirement

- Peak equity commitment of Rs. 700 Cr. ; Rs. 271 Cr. infused as of date

Products & Distribution

- IRDA approvals received for 3 new products - Employee First (SME Product), IMEP (International Medical Emergency Product) and Swasthya Pratham (Micro Insurance product).
- Family First sales gaining momentum which is a first of its kind family plan where customers can choose to cover their spouse, children, parents, grandparents, in-laws and grandchildren
- Aggressive agent hiring underway; as of Dec 2010, 3,000+ agents on board
- Achieved highest productivity in the industry for agency and telesales channel
- Productivity ramp up to further drive sales volume in future
- Max BUPA heartbeat has been sold in 100+ cities
- Developing E-commerce platform to drive customer acquisition and to grow online retention, service, loyalty and health relationship enablers.

- Profit at Rs. 13 Cr for Q3FY11 grows 149% y-o-y
- Expansion plans to add 22,000 TPA capacity and increase total capacity to 52,000 TPA, are on track; to operationalize in March'11
- Higher margin realization on the back of better product mix and cost optimization
- India Star & World Star Awards acknowledges MSF's leadership in packaging innovations - Won Award for 6 products

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	9 months Ended		Y-o-Y Growth
		Dec-10	Dec-09		Dec-10	Dec-09	
a) Sales Quantity – BOPP	Tons	8,462	7,285	16%	23,302	22,021	6%
b) Revenue*	Rs. Crore	116	83	40%	307	248	24%
c) Profitability:							
Contribution Margin**	Rs. Crore	42.0	31.8	32%	110.6	91.6	21%
	%	36.2%	38.3%		36.0%	37.0%	
EBITDA	Rs. Crore	17	11	53%	39	32	24%
	%	14.2%	13.0%		12.8%	12.7%	
PBT	Rs. Crore	13	5	149%	26	14	82%
	%	11.0%	6.1%		8.4%	5.7%	

*Extraordinary Income of Rs. 17.9 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 Q3FY11 at Rs. 7 Cr. up 55% y-o-y with profit at Rs. 1.7 Cr. against a loss of Rs. 0.1 Cr. in the corresponding previous quarter
- Revenue for 9MFY11 at Rs. 16 Cr. up 27% y-o-y with profit at Rs. 2.2 Cr. against Rs. 1.1 Cr. in the corresponding previous period, grows 100%
- Order book of Rs. 28 Cr. as Dec'10 end with net addition of Rs. 12 Cr. during the period
- Business development pipeline of approx Rs. 87 Cr.

Operational Performance

- 6 new clients added, client base increases to 77
- Database of principal investigators expands to over 1,250 physicians
- Patient retention rate maintained at 92%



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