



# Group Results and Distribution

for the 12 month period ended 30 September 2016





**OPERATIONAL REVIEW**  
**ANDRÉ MEYER**  
**CEO**

# Summary

## Group – Southern Africa

---

- Solid 12 month performance:
    - Good bed growth
    - Strong activity growth
    - Management of costs in a difficult environment
- 

• PPD growth 4.0%

---

• Additional beds 176

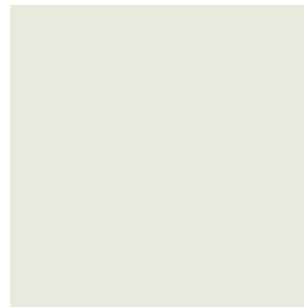
---

• Occupancy rate 72.5%

---

• EBITDA margin 27.5%

---

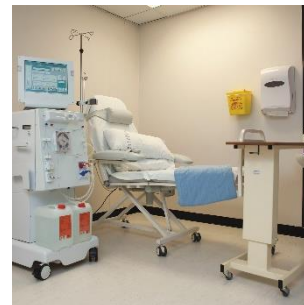
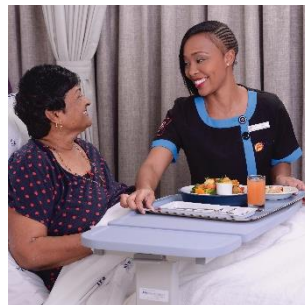
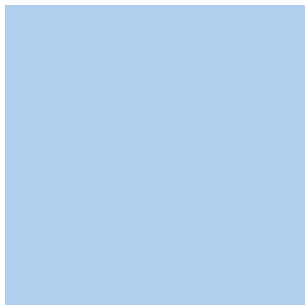


# Summary

## Group – Poland

---

- Completed acquisition of Polska Grupa Medyczna (PGM) for R629 million
  - Difficult operating environment with regulatory / pricing uncertainty
  - Negative impact of new cardiac pricing on revenue and EBITDA
  - Changed senior management team and seconded SA management to Poland
  - Impairment of R370 million
- 



# Summary

## Group – India

- Good growth in:
  - Revenue 16.7%
  - EBITDA 29.3%

---

- Improvement in EBITDA margins 10.9%

---

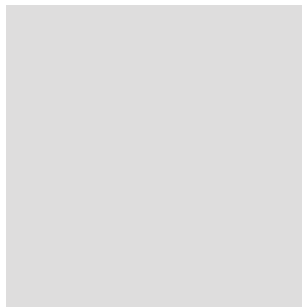
- Bed growth 331
- Total operational beds 2 384

---

- Good growth in occupancy rates 75%

---

- Bedding down of Phase 3 acquisitions



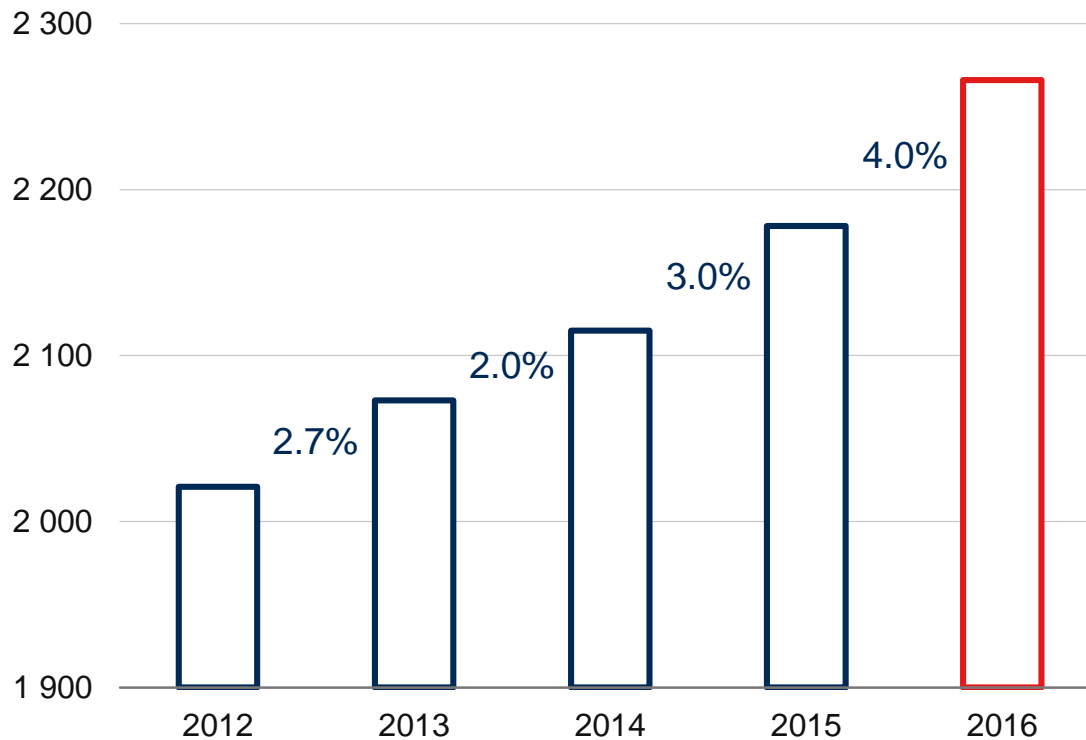
- Revenue **+12.0%** to R16 404m
  - Normalised EBITDA **+6.6%** to R4 314m
  - Headline earnings per share **+7.0%** to 192.5 cents
  - Normalised EPS **+2.6%** to 182.1 cents
  - Total dividend **+7.0%** Final dividend to 92 cps  
**+7.1%** Total dividend to 165 cps
- 



# Southern Africa: Growth

## PPD Growth

PPDs (000)



- Strong PPD growth across the acute care and complementary lines of business

FY bed growth	2012	2013	2014	2015	2016
	292	95	249	253	<b>176</b>

# Southern Africa: Growth

## Acute and Complementary Growth

Category	H1 2016	H2 2016	Total 2016
Capacity expansion at existing facilities	91	34	125
Mental Health	-	51	51
<b>Total beds</b>	91	85	176
Renal Dialysis stations	17	19	36
Oncology units	-	1	1

- Life Bay View Private
- Life Mercantile
- Life Mount Edgecombe
- Life Peglerae

- Life Bay View Private
- Life East London Private
- Life Springs Parkland

- Life St Mark's
- Life St Vincent's



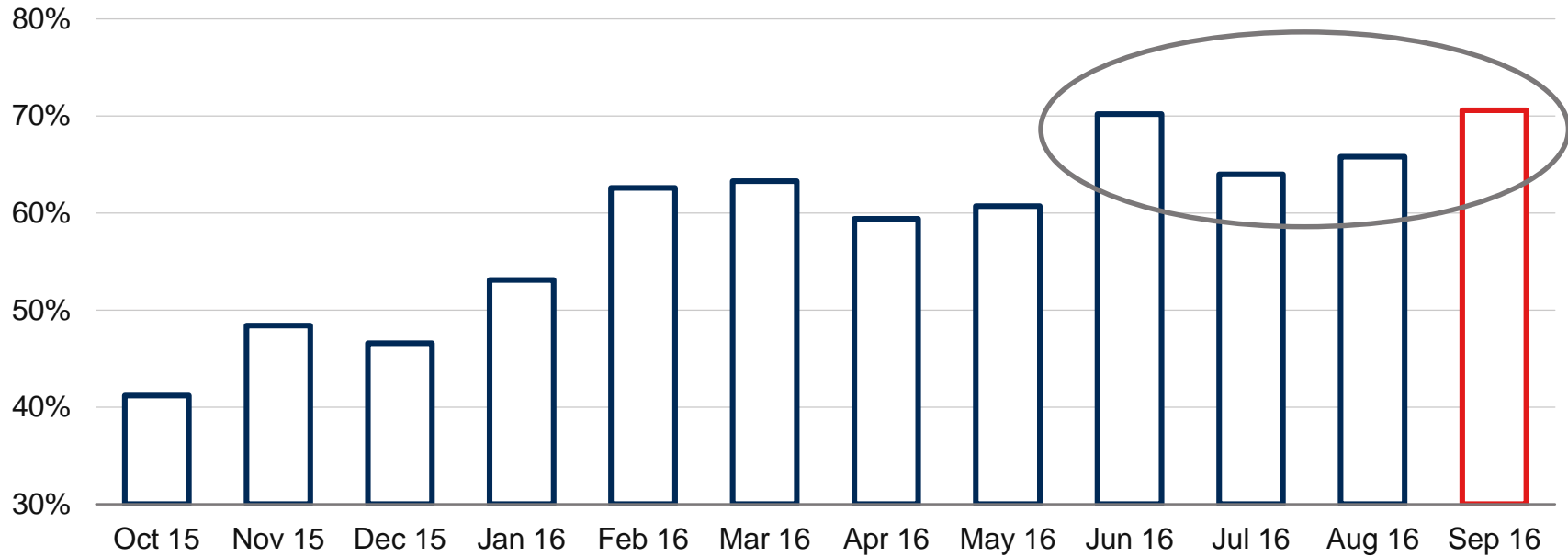
Life St Vincent's



# Southern Africa: Growth

## Life Hilton Private Hospital

### Occupancy (%)



#### Phase 1

- Opened the 94 bed facility end September 2015
- Averaged 68% occupancy over the last 4 months of 2016
- Opened the Oncology unit in H2

#### Phase 2

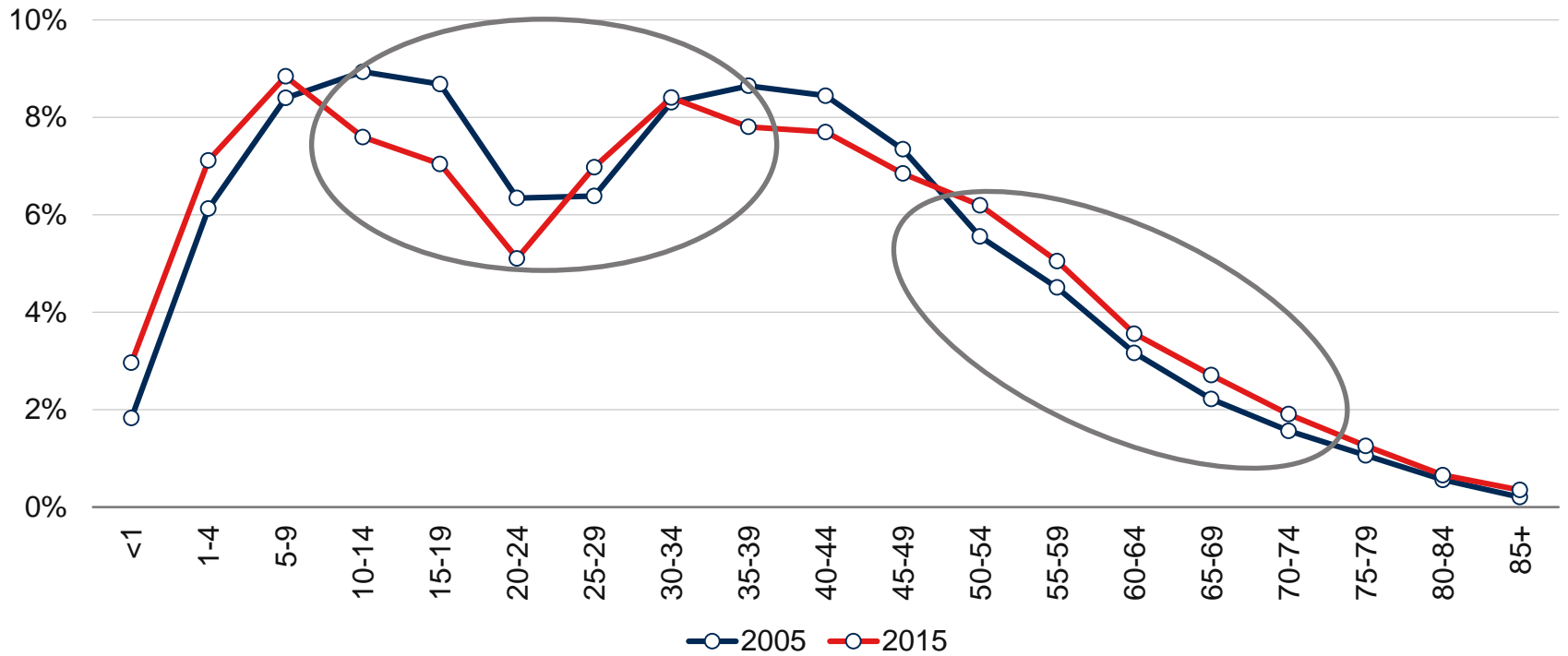
- ±100 acute beds (license approved)

#### Phase 3

- ±70 mental health beds (license pending)
- ±50 rehabilitation beds (license pending)
- ±10 sub-acute beds (license pending)

# South Africa: Growth

## Impact of Ageing



Council for Medical Schemes (CMS) 2015 annual report shows a shift in the age profile in the medical scheme population

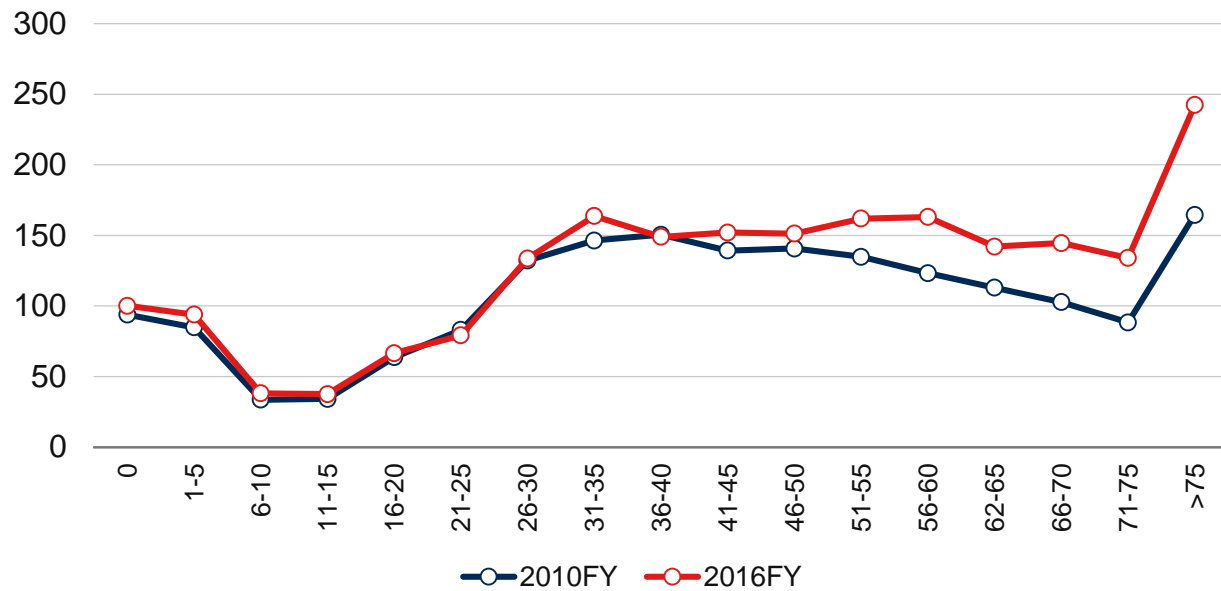
- Less members as a % up to the age of 50
- More members as a % above the age of 50

Source: CMS Annual Report 2015

# South Africa: Growth

## Impact of Ageing

### PPDs (000)



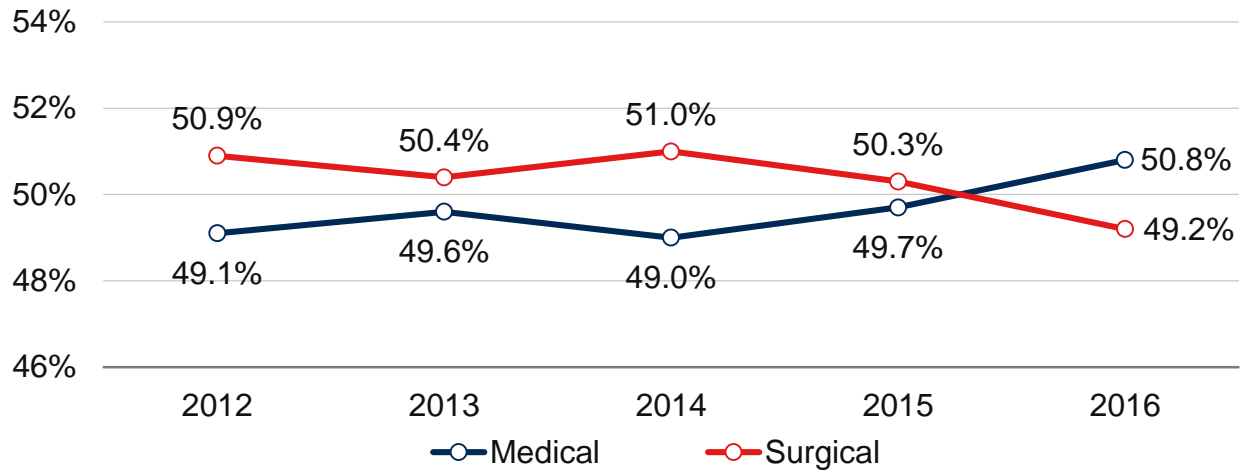
- The shift in ageing as evidenced by the CMS report is reflected in our PPD experience
- Ageing impacts LOS, ICU occupancy and changing case mix

Category	2016	2010
PPD %: patient > 50 years	45.9%	39.8%
Rev %: patient > 50 years	52.7%	46.2%

# Southern Africa: Growth

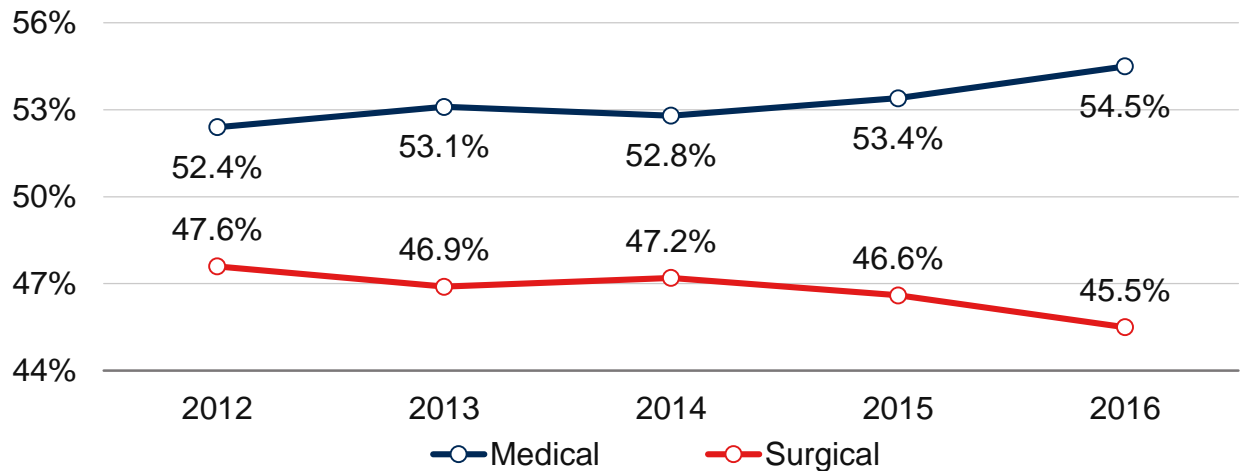
## Medical / Surgical split

### Acute Medical / Surgical split as a % of PPDs



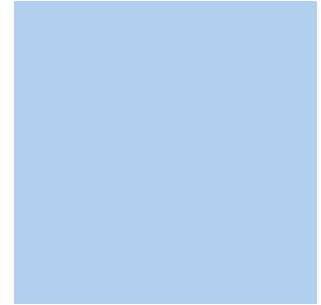
- Continued growth of medical cases
- Negatively impacts revenue
  - Medical revenue per PPD is 40.9% of surgical revenue per PPD

### Total Medical / Surgical split (incl. Complementary services) as a % of PPDs



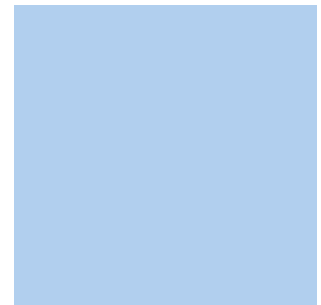
## Life Employee Health Solutions

- Life Occupational Health and Careways (employee wellness) is in the process of being integrated and will be re-branded as Life Employee Health Solutions
- Combined entity consists of:
  - Contracted occupational and primary healthcare services to large employer groups in the commercial, industrial, mining and state owned entities through on-site, off-site and mobile clinics throughout the country
    - › 297 occupational health clinics
    - › 160 000 occupational health lives
  - Employee wellness services to corporate customers focusing on supporting healthy and balanced living
    - › 74 on-site clinics
    - › 260 000 employees:
      - » Gained 65 000 lives in 2016



## Life Esidimeni

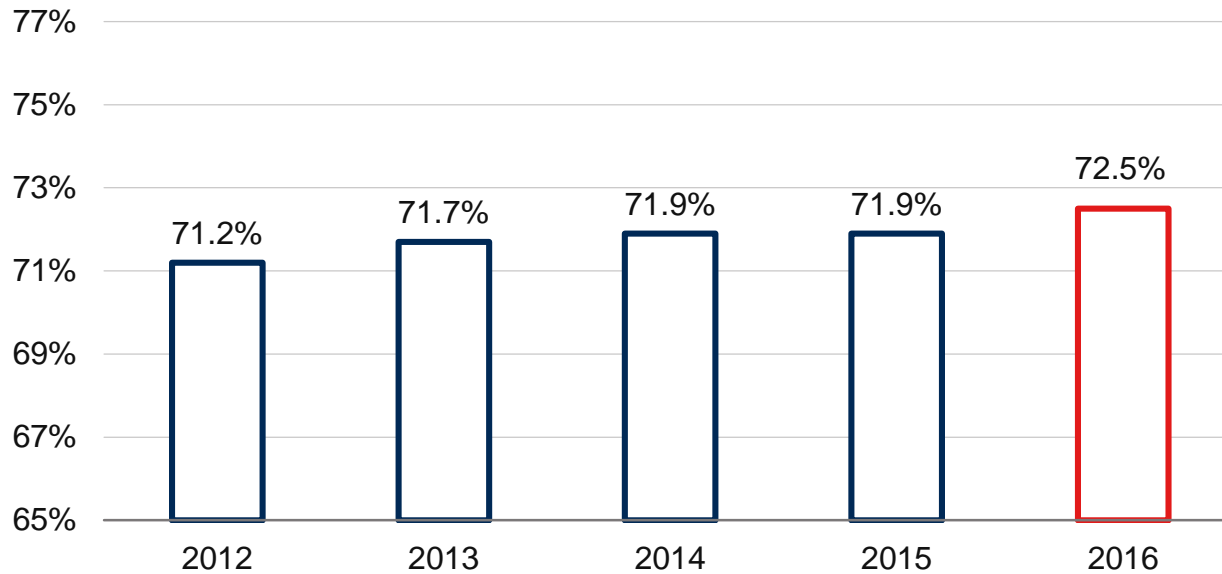
- Non-renewal of 1 570 mental health beds as of 30 June 2016 by the Gauteng Department of Health
- As a consequence of the non-renewal of the contract, the Gauteng Department of Health transferred approximately 1 500 mental health patients to non-governmental organisations. Since the transfer, 37 patients have subsequently died. These deaths are currently being investigated by the Office of the Health Ombudsman
- Currently Life Esidimeni consists of:
  - 9 facilities
  - 2 424 beds
- 2 new Life Recovery Centres opened in partnership with the Department of Social Development



# Southern Africa: Efficiency

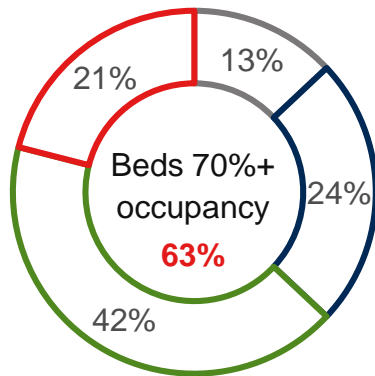
## Effective Use of Assets

### Occupancy (%)

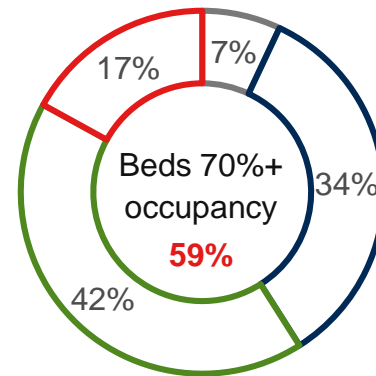


- ICU occupancy 75.8%
- H2 Occupancy of 73.9%
- Growth in occupancy despite the addition of 1 065 beds since 2012

### 2012: Bed occupancy split (%)



### 2016: Bed occupancy split (%)

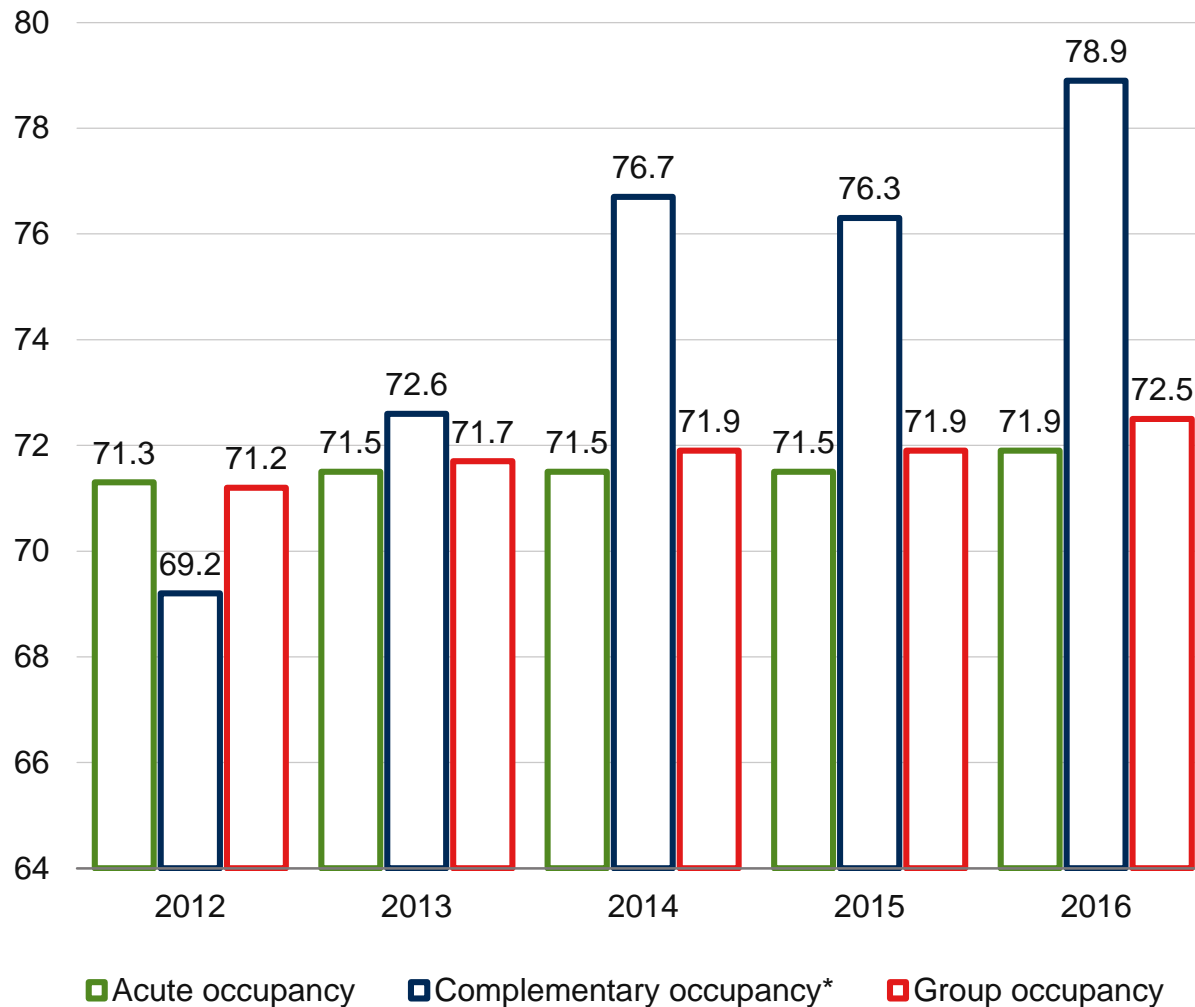


- 15% of beds at 69% occupancy

# Southern Africa: Efficiency

## Effective Use of Assets

### Occupancy split between Acute and Complementary\*



- Consistent occupancy within the acute business - 860 acute beds added since 2012
- 205 complementary beds added since 2012
- Strong demand for mental health with occupancies over 80%
- Improvement in acute rehabilitation occupancies to 74%

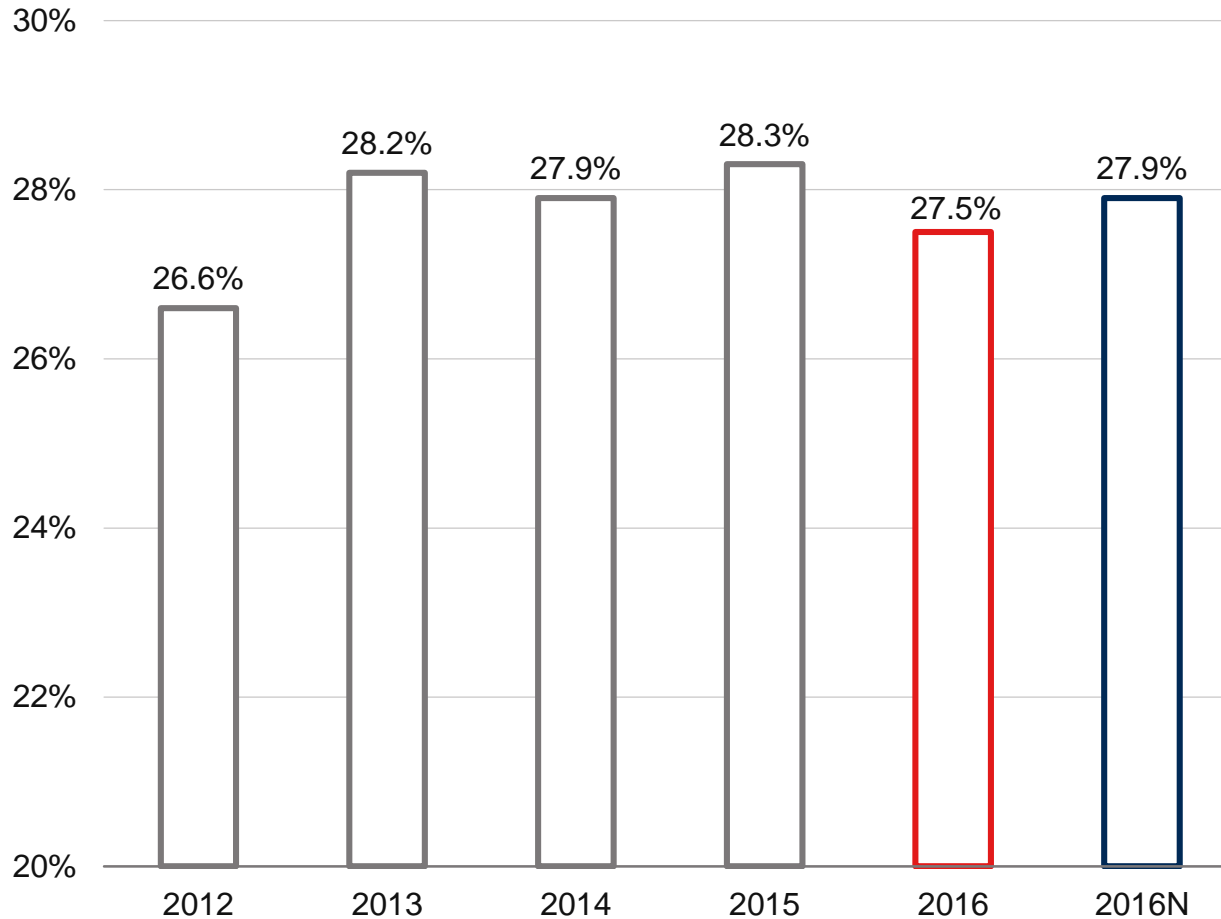
\* Complementary business includes mental health and acute rehabilitation in the occupancy calculation



# Southern Africa: Efficiency

## Normalised EBITDA Margin – Continuing Basis

EBITDA margin (%)



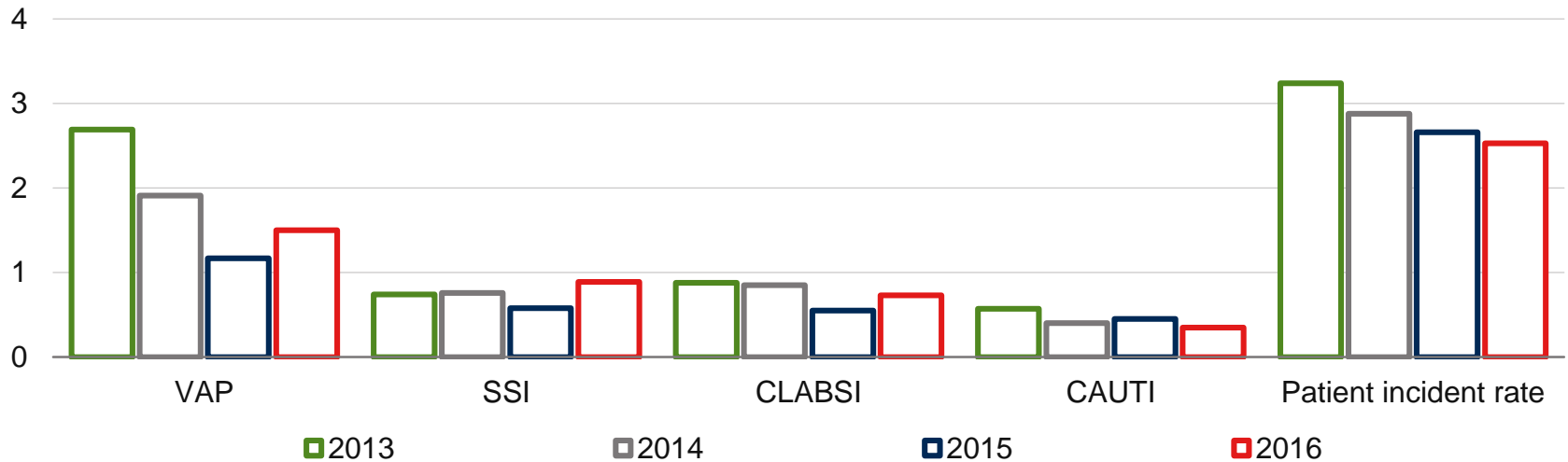
- Margins on a normalised basis excluding the once-off cost below – 27.9%
- Additional legal costs resulting from increased malpractice insurance and a legal settlement. The legal settlement dated back to 1995, before LHC acquired the particular facility
- Pressure from the weakening rand, salaries, overhead costs, and Life Esidimeni retrenchment costs

# Southern Africa: Quality

## Measuring Clinical Outcomes

Outcome	30 Sept 2016	30 Sept 2015	Standard
Patient incident rate	<b>2.53</b>	2.66	Per 1 000 PPDs
HAI (Healthcare Associated Infection)	<b>0.37</b>	0.32	Per 1 000 PPDs
VAP (Ventilator Associated Pneumonia)	<b>1.50</b>	1.17	Per 1 000 ventilator days
SSI (Surgical Site Infections)	<b>0.89</b>	0.58	Per 1 000 theatre cases
CLABSI (Central Line Associated Blood Stream Infections)	<b>0.73</b>	0.55	Per 1 000 central lines
CAUTI (Catheter-related Urinary Tract Infections)	<b>0.35</b>	0.45	Per 1 000 catheter days
FIM/FAM score	<b>1.13</b>	1.18	>0.9

### Per 1000 days or cases



- Submitted further responses to the panel focusing on
  - The nature of Life Healthcare’s relationships with doctors
  - Profitability
  - OECD report
- We are unsure as to the timing of the next set of public hearings
- Commentary to be submitted on the market definition methodology paper
- Uncertain as to whether the draft HMI report will be issued in 2016
- This process will continue into 2017
- The costs involved in this inquiry (excluding management time) are approximately R20 million for FY2016



### Environmental certification

- 12 Hospitals achieved ISO 14001:2004 environmental certification in 2015
- 4 Hospitals were audited in 2016 – awaiting results
- 10 Hospitals targeted for certification 2017

### Energy-saving initiatives

- Solar PV projects:
  - Life Anncron Hospital:
    - › 1 711 x 260 W solar PV panels installed
    - › Produces an average of 1.80 MWh per day
  - Life Fourways Hospital (completed September 2016):
    - › 3 400 x 315 W solar PV panels installed
    - › Produces an average of 2.75 MWh per day



### Energy-saving initiatives

- Heat pumps:
  - All sites now complete
  - Estimated saving of 1 495 MWh projected per annum
- Power Factor Correction:
  - 5 Sites completed in 2016
  - Combined KVA reduction of 500 KVA per month

### Water initiatives

- Water Utilisation:
  - Water consumption reduced by 21.1% to 0.56 kl/PPD (2015: 0.71 kl/PPD)
- Water Back-up:
  - Increased water storage capacity in line with international trends to 24-hour back-ups at all sites



### New Cardiac pricing came into effect 1 July

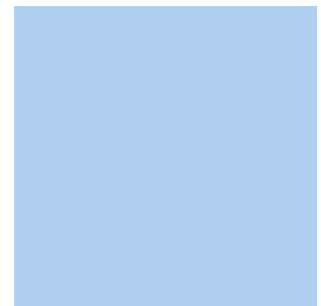
- Approximately a 17.4% decrease in pricing
- Cardiology represents 45% of the Scanmed business
- These price changes will have a significant impact in 2017

### Management Team:

- Change in senior management – new CEO in place since July
- Senior SA management seconded to Scanmed

### Our focus going forward:

- Drive efficiencies in the business and mitigate the impact of the new cardiac prices
- M&A on hold until we have further clarity regarding pricing in the market



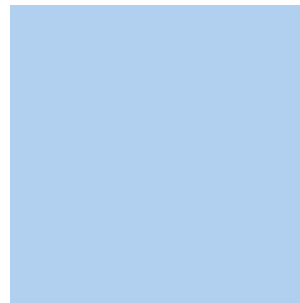
# International: Poland

## Scanmed

	2016	2015	2014
Beds	624	334	163
Cardiac units	12	7	0
Medical facilities	40	36	28
Revenue	R1 174m	R648m	R175m*
Normalised EBITDA	R120m	R91m	R16m
Normalised EBITDA margin	10.2%	14.0%	9.1%



\* 5 months

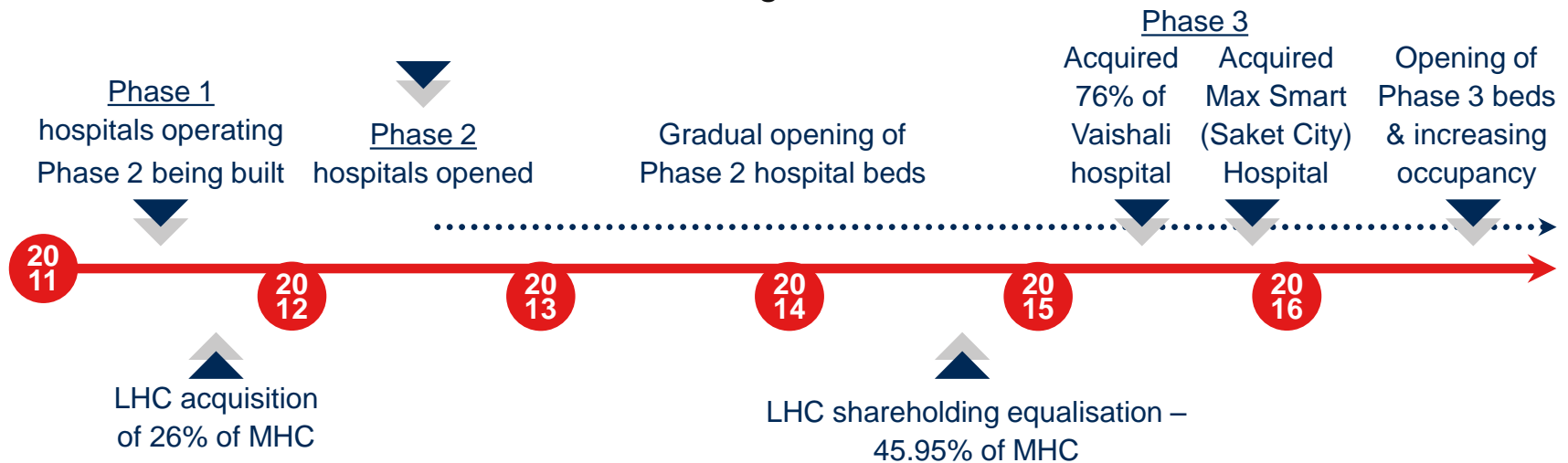


# International: India

## Max Healthcare (MHC)

### 2016 update:

- Bedding down the Phase 3 acquisitions (Vaishali Hospital and Max Smart):
  - Increased the number of operational beds from 260 to 493
  - Improved occupancies from 67% to 72%
- Continued good revenue growth and improving margins:
  - Max Healthcare presented strong EBITDA growth numbers for their H1 2017, with margins improving to 11.2%
- Max India listed in July 2016. Share price at 30 September gives an approximate value of R5.3bn to Life Healthcare shareholding in Max Healthcare

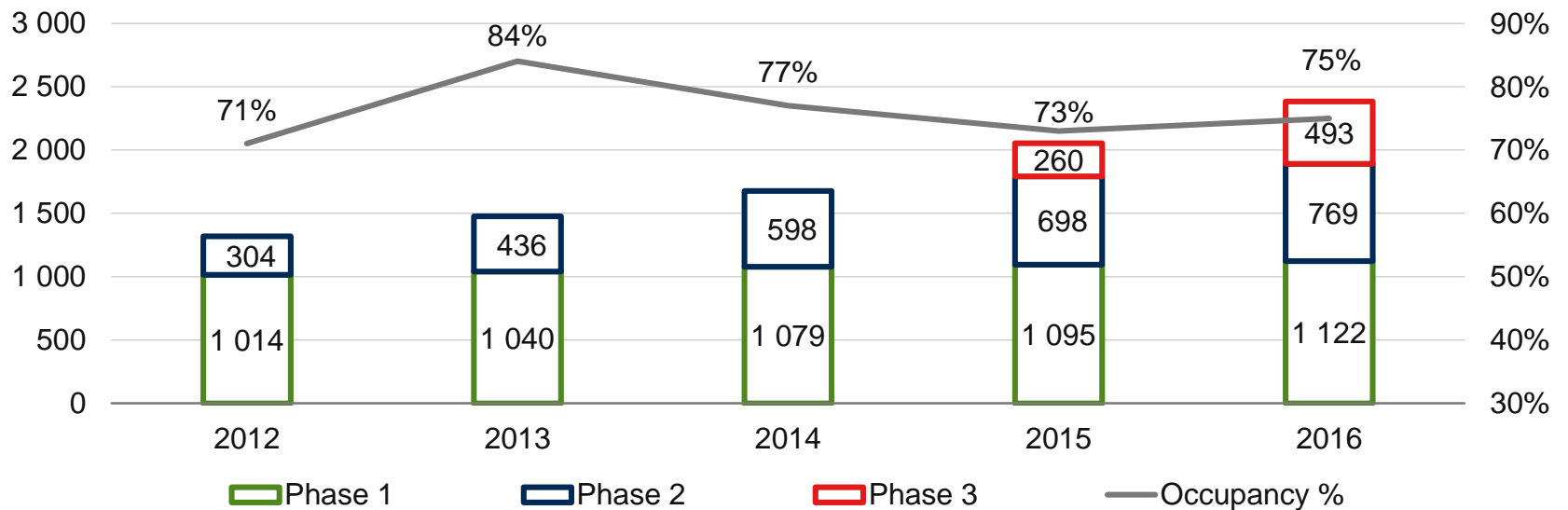




# International: India

## Max Healthcare Occupancy

	Operational beds 30 Sep 2016	Occupancy 30 Sept 2016	Operational beds 30 Sep 2015	Occupancy 30 Sep 2015	Operational beds 30 Sep 2012	Occupancy 30 Sep 2012
Total: Phase 1	1 122	78%	1 095	76%	1 014	71%
Total: Phase 2	769	72%	698	69%	304	-
Total: Phase 3	493	72%	260	67%	-	-
Total: Combined	2 384	75%	2 053	73%	1 318	71%





**FINANCIAL REVIEW**

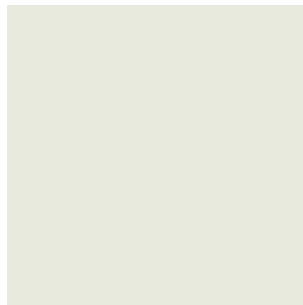
**PIETER  
VAN DER WESTHUIZEN  
GROUP CFO**

# Summary

---

## Southern Africa:

- Strong southern African operational performance, particularly PPD growth of 4.0%
- Revenue per PPD negatively impacted by the continuing growth of medical cases
- H2 experienced more pressure on cost of sales due to exchange rate weakness in H1
- Experienced increased costs relating to malpractice insurance, professional fees for HMI, growth in licencing fees for IM systems due to exchange rate
- Loss of Gauteng contract and resulting EBITDA impact of (R25m)



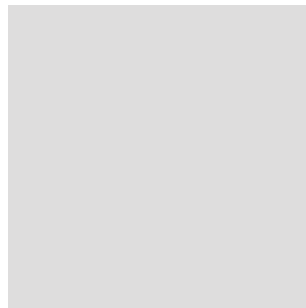
# Summary

---

## International:

- Poland
  - Experienced a satisfactory operating performance
  - Behind on the business integration
  - Seconded SA management to Poland
  - Regulatory impact on the cardiology business from 1 July of (PLN9m)
- India
  - EBITDA growth of 29.3% and improved margins
  - Funding cost for two acquisitions resulting in small net loss

Group results impacted by impairment of Poland investment due to regulatory changes and the funding cost for the Polish and Indian investments.



# Highlights

---

---

Revenue **+12.0%** to R16 404m

---

Normalised EBITDA **+6.6%** to R4 314m



Headline EPS **+7.0%** to 192.5 cents

---

Normalised EPS **+2.6%** to 182.1 cents

Dividend **+7.0%** to 92 cents

---

Increase in **investments** in India and Poland **R1 083 million**

---

# Financial results

## Group

	30 Sep 2016 R'm	30 Sep 2015 R'm	Change %
<b>Revenue</b>	<b>16 404</b>	14 647	12.0
Southern Africa	<b>15 230</b>	13 999	8.8
Poland	<b>1 174</b>	648	81.2
<b>Normalised EBITDA</b>	<b>4 314</b>	4 048	6.6
Southern Africa	<b>4 194</b>	3 957	6.0
Poland	<b>120</b>	91	31.9
<b>Normalised EBITDA margin</b>	<b>26.3%</b>	27.6%	
Southern Africa	<b>27.5%</b>	28.3%	
Poland	<b>10.2%</b>	14.0%	

1PLN = ZAR3.78 (30 September 2016)

1PLN = ZAR3.60 (30 September 2015)

# Financial results

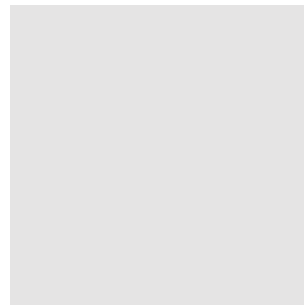
## Group

	30 Sep 2016 R'm	30 Sep 2015 R'm	Change %
Revenue	16 404	14 647	12.0
Normalised EBITDA	4 314	4 048	6.6
Normalised EBITDA margin	26.3%	27.6%	
<b>Operating profit:</b>	<b>3 660</b>	3 496	4.7
Southern Africa	3 602	3 432	5.0
Poland	35	44	(20.5)
Once-off	23	20	

# Financial results

## Group

	30 Sep 2016 R'm	30 Sep 2015 R'm	Change %
Revenue	16 404	14 647	12.0
Normalised EBITDA	4 314	4 048	6.6
Normalised EBITDA margin	26.3%	27.6%	
Operating profit	3 660	3 496	4.7
Associates and joint ventures:	8	14	(42.9)
Max Healthcare	(4)	5	
Poland	3	2	
Other	9	7	







# Financial results

## Group

	<b>30 Sep 2016</b> R'm	30 Sep 2015 R'm	Change %
Revenue	<b>16 404</b>	14 647	12.0
Normalised EBITDA	<b>4 314</b>	4 048	6.6
Normalised EBITDA margin	<b>26.3%</b>	27.6%	(4.9)
Operating profit	<b>3 660</b>	3 496	4.7
Associates and joint ventures	<b>8</b>	14	(42.9)
Attributable profit:	<b>1 616</b>	1 866	(13.4)
Southern Africa	<b>2 166</b>	2 013	7.6
Poland and India	<b>(10)</b>	19	
Transaction costs on international acquisitions	<b>(12)</b>	(15)	
Funding costs for international acquisitions	<b>(261)</b>	(192)	35.9
Other	<b>(267)</b>	41	

# Financial results

## Group Segmental Review

		30 Sep 2016 R'm	30 Sep 2015 R'm	Change %
<b>Revenue</b>		<b>16 404</b>	14 647	12.0
Southern Africa	Hospital division	<b>14 381</b>	13 133	9.5
	Healthcare services	<b>849</b>	866	(2.0)
International	Hospitals	<b>1 174</b>	648	81.2
<b>EBITDA</b>		<b>4 314</b>	4 048	6.6
Southern Africa	Hospital division	<b>3 819</b>	3 575	6.8
	Healthcare services	<b>120</b>	168	(28.6)
	Other	<b>255</b>	214	19.2
International	Hospitals	<b>120</b>	91	31.9

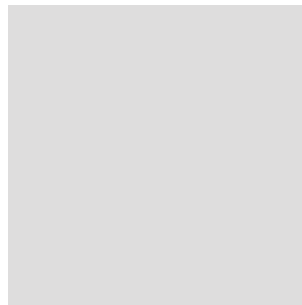
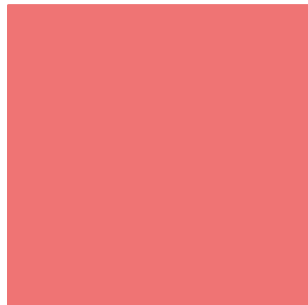
# Financial results

## Southern Africa – Segmental Revenue

		30 Sep 2016 R'm	30 Sep 2015 R'm	Change %
Revenue		15 230	13 999	8.8
Southern Africa	Hospital division	14 381	13 133	9.5
	Healthcare services	849	866	(2.0)

### Hospital division:

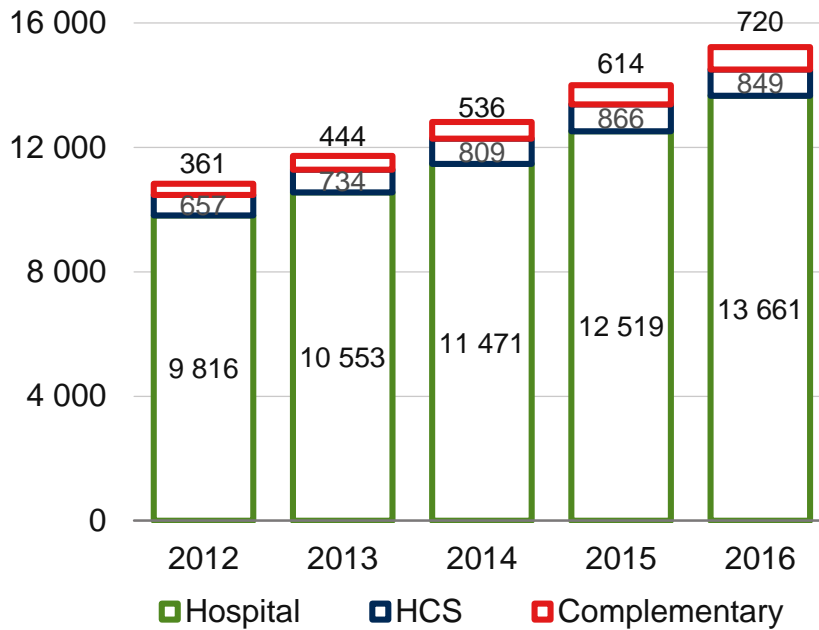
- PPD growth: + 4.0%
- Revenue/ppd: + 5.2%
  - Tariff impact: + 5.9%
  - Case mix: - 0.7%
- Complementary revenue growth: + 17.3%



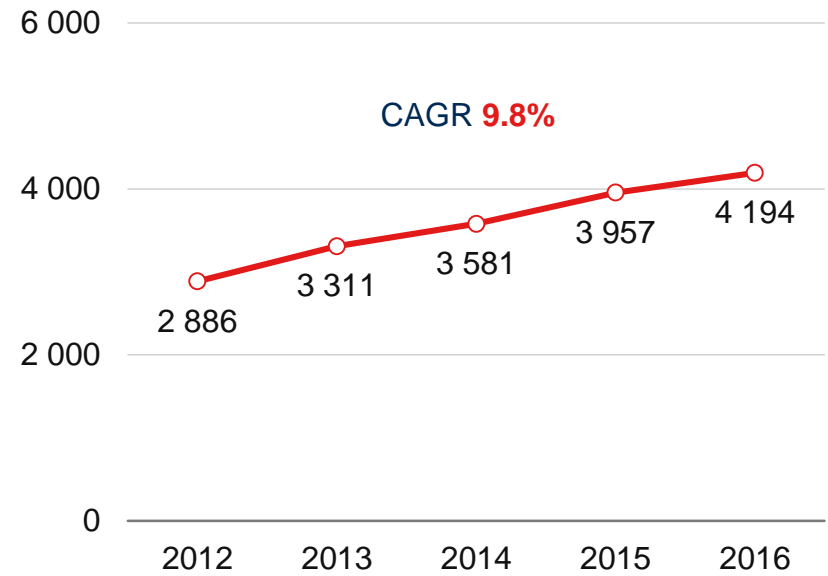
# Five year review

## Southern Africa – Continuing Basis

Revenue (R'm)



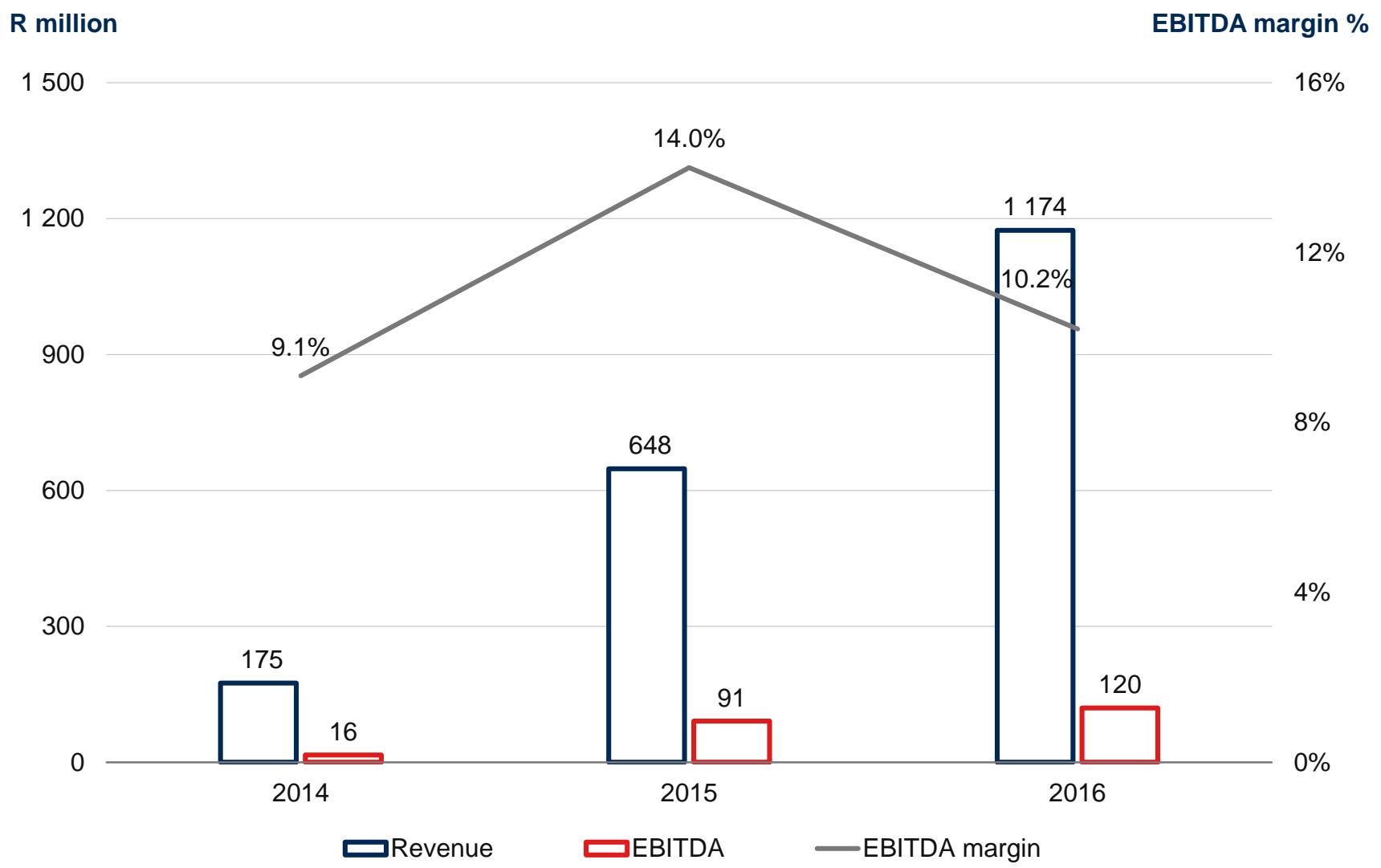
Normalised EBITDA (R'm)



- Consistent growth in hospital revenue:
  - Addition of 176 beds
  - Strong PPD growth of 4.0%
  - Top line growth impacted by continued increase in medical cases
- Continued good growth of complementary services

# Financial results

## Poland Revenue and Margin



1PLN = ZAR3.78

# Financial results

## India: Max Healthcare

<b>Net revenue</b>	<b>MHC 2016 Rs Crore</b>	MHC 2015 Rs Crore	Change %
Net revenue – Phase 1 hospitals	<b>1 426</b>	1 416	0.7
Net revenue – Phase 2 hospitals	<b>581</b>	559	3.9
Net revenue – Phase 3 hospitals (Vaishali & Smart)	<b>333</b>	30	>100
<b>Total net revenue</b>	<b>2 340</b>	2 005	16.7

# Financial results

## India: Max Healthcare

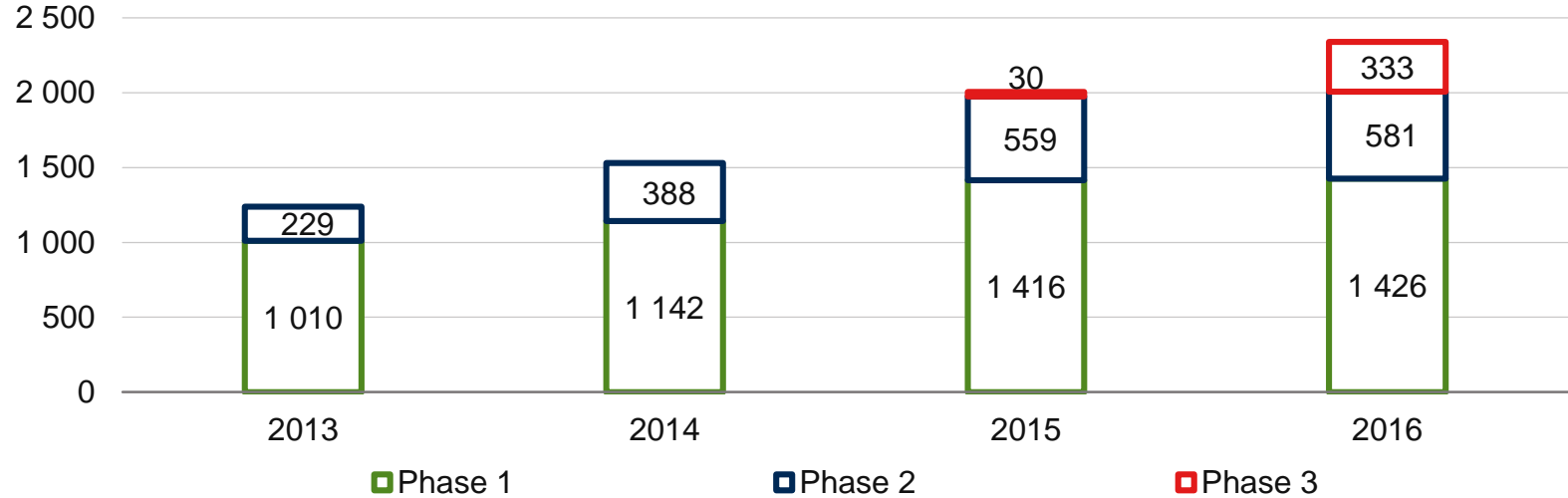
<b>Net revenue</b>	<b>MHC 2016 Rs Crore</b>	MHC 2015 Rs Crore	Change %
Net revenue – Phase 1 hospitals	<b>1 426</b>	1 416	0.7
Net revenue – Phase 2 hospitals	<b>581</b>	559	3.9
Net revenue – Phase 3 hospitals (Vaishali & Smart)	<b>333</b>	30	>100
<b>Total net revenue</b>	<b>2 340</b>	2 005	16.7

<b>EBITDA</b>	<b>MHC 2016 EBITDA %</b>	<b>MHC 2016 Rs Crore</b>	MHC 2015 Rs Crore	Change %
EBITDA – Phase 1 hospitals	<b>13.5%</b>	<b>192</b>	191	0.5
EBITDA – Phase 2 hospitals	<b>6.9%</b>	<b>40</b>	7	>100
EBITDA – Phase 3 hospitals	<b>7.1%</b>	<b>24</b>	-	>100
<b>Total EBITDA</b>	<b>10.9%</b>	<b>256</b>	198	29.3

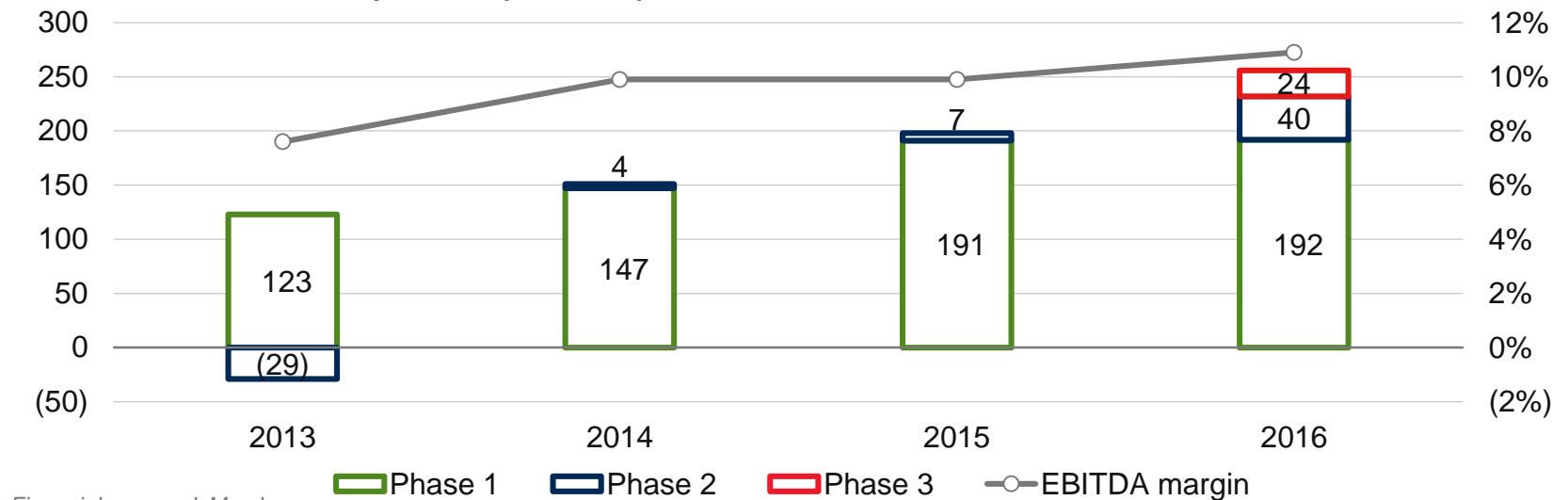
# Financial results

## India: Max Healthcare – Four Year Growth

**Revenue: 12 months to September (Rs Crore)**



**EBITDA: 12 months to September (Rs Crore)**



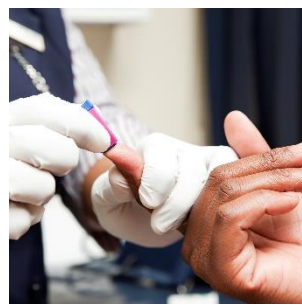
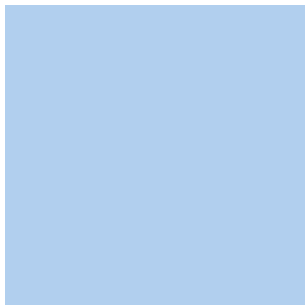
Financial year-end: March  
1 Rs. Crore = R2.2 million



# Financial results

## Group

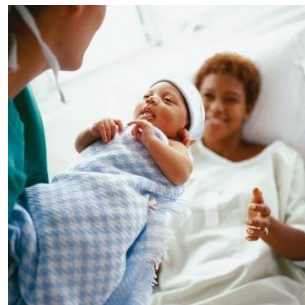
	30 Sep 2016 cents	30 Sep 2015 cents	Change %
<b>EPS</b>	<b>154.9</b>	179.9	(13.9)
Impairment of investment	<b>35.5</b>	-	
Loss on remeasuring previously held interest in associate to fair value	<b>2.2</b>	-	
Other	<b>(0.1)</b>	-	
<b>HEPS</b>	<b>192.5</b>	179.9	7.0
Contingent consideration released	<b>(10.4)</b>	(2.1)	
Other	<b>-</b>	(0.4)	
<b>Normalised EPS</b>	<b>182.1</b>	177.4	2.6



# Financial results

## Group

	30 Sep 2016 R'm	30 Sep 2015 R'm	Change %
<b>Normalised EPS</b>	<b>182.1</b>	177.4	2.6
Southern Africa	<b>208.1</b>	194.1	7.2
Poland & India	<b>(1.0)</b>	1.8	
Funding costs for international acquisitions	<b>(25.0)</b>	(18.5)	



# Consolidated Condensed Statement of Financial Position

	30 Sep 2016 R'm	30 Sep 2015 R'm
<b>Non-current assets</b>	<b>14 395</b>	13 152
PPE	7 752	7 101
Goodwill	2 288	2 089
Intangibles	908	875
Investment in Max Healthcare	2 546	2 230
Other	901	857
<b>Current assets (excl cash)</b>	<b>2 498</b>	1 959
Cash	604	812
<b>Total assets</b>	<b>17 497</b>	15 923
<b>Total shareholders' equity</b>	<b>6 798</b>	6 448
<b>Non-current liabilities</b>	<b>6 111</b>	5 852
Interest-bearing borrowings	5 469	5 263
Other non-current liabilities	642	589
<b>Current liabilities</b>	<b>4 588</b>	3 623
<b>Total equity and liabilities</b>	<b>17 497</b>	15 923
Net debt	7 207	5 932
<b>Net debt to normalised EBITDA (covenant 2.75x)</b>	<b>1.67</b>	1.49

# Net Debt

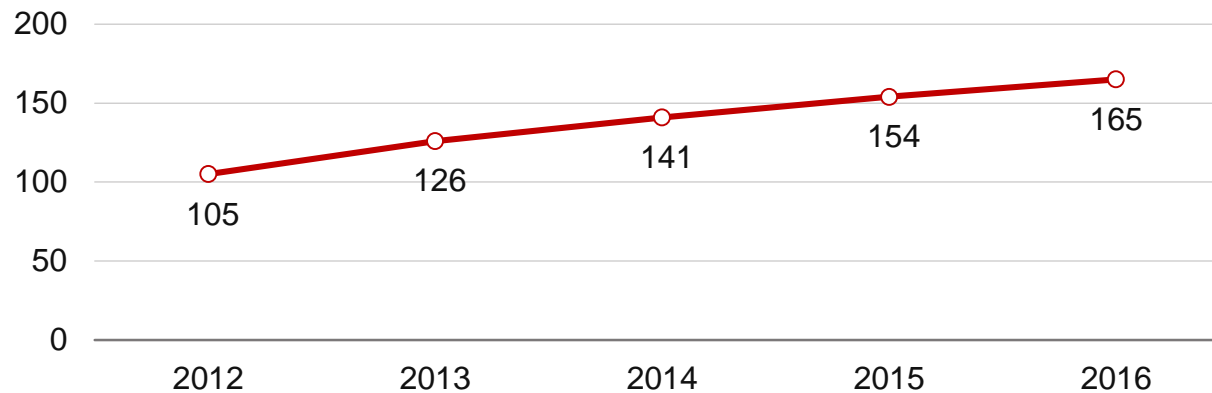
Funding	30 Sept 2016 Rm	Weighted average cost of debt	30 Sep 2015 Rm	Weighted average cost of debt
		(post-tax)		(post-tax)
Acquisition funding				
ZAR	2 951	6.67	3 271	6.46
PLN	773	3.76	-	-
Capex funding	1 925	6.06	1 864	5.47
Poland	181	3.05	72	4.67
Property finance leases (IFRS)	951	7.91	980	7.88
Working capital	1 030	6.26	557	5.23
	<b>7 811</b>	<b>6.50</b>	6 744	5.76
		(pre-tax)		(pre-tax)
3M JIBAR rate		7.36		6.19
Prime overdraft rate		10.50		9.50

# Dividend

Distributions	Cents/share	Rm
Interim 2015	68	709
Final 2015	86	896
<b>Total 2015</b>	<b>154</b>	1 605
Interim 2016	73	765
Final 2016	92	973
<b>Total 2016</b>	<b>165</b>	1 739

- Declared a final dividend of 92 cps
- Scrip distribution alternative
- Shareholders entitled to receive all or part of their distribution in cash or in shares
- Scrip distribution done at a 2.5% discount to the 15-day VWAP

## Dividend (cps)



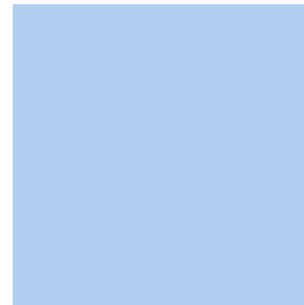
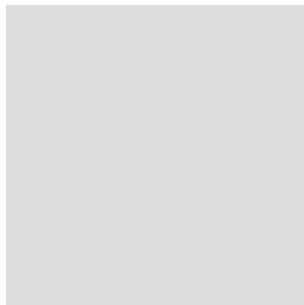
A high-angle photograph of a surgical team in an operating room. Four surgeons are visible, wearing blue scrubs, masks, and hairnets. They are gathered around a patient, illuminated by bright overhead surgical lights. The scene is partially obscured by semi-transparent colored overlays: a green rectangle in the top left, a blue rectangle in the top right, a red rectangle on the left side, and a light blue rectangle in the bottom right.

**OUTLOOK**

**ANDRÉ MEYER**  
**CEO**

### Southern Africa:

- Bed growth:
  - Addition of 196 beds:
    - › 115 acute hospital beds
    - › 81 mental health beds
- PPD growth:
  - Between 2.0% - 3.0%
- EBITDA margins:
  - Between 27.5% - 28.5%
- Continued focus on improving clinical quality outcomes
- Expect the HMI process to be completed in 2017



# Southern Africa: Growth

## Acute and Complementary Pipeline

Category	Total 2016	<b>Total 2017</b>	Approved beds*	Applications pending
Capacity expansion at existing acute facilities	125	<b>115</b>	622	224
New acute facilities	-	-	300	138
Mental Health / Acute Rehab – new facilities	35	<b>60</b>	140	465
Mental Health / Acute Rehabilitation – capacity expansion	16	<b>21</b>	301	55
<b>Total</b>	176	<b>196</b>	1 363	882
<b>Renal Dialysis stations</b>	36	<b>19</b>		
<b>Oncology units</b>	1 unit	<b>1 unit</b>		

**Good pipeline of beds with blend of:**

- Capacity expansion at existing facilities
- Mental Health growth
- Continued growth in Renal Dialysis and Oncology

• *Approved: received Health department licence approval. In the process of obtaining municipal approvals before commencing building*  
 • *Applications pending: awaiting approval from the Health departments for bed applications made*



### Poland:

- Focus on completing integration of acquired businesses to drive efficiencies
  - Secondment of Life Healthcare staff
- M&A on hold until we receive clarity on pricing
- Government has proposed further potential pricing changes. These price changes are currently being reviewed. The impact is uncertain at this stage

### India:

- Focus on:
  - Adding beds – brownfield expansions
  - Optimising the current network through:
    - › Improved occupancies
    - › improvements in specialty/channel mix
    - › Improvements in cost structures
  - Growing the pathology and oncology feeder centre lines of business



**APPENDICES**

# Max India Limited

## Investor Release

*Quarter and Half Year ended September 30, 2016*

### *Disclaimer*

*This release is a compilation of financial and other information all of which has not been subjected to audit 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

- 1 Max India get shareholders' nod for composite merger scheme. The application filed with all relevant regulatory authorities. Approvals currently expected in Nov 16
- 2 Max Healthcare : Robust revenue growth of 26% to Rs. 1,300 Cr in H1FY17
- 3 Max Healthcare : EBITDA grows at a strong 44% to Rs. 140 Cr. in H1FY17; margins improved by ~ 240 bps to 11.2%
- 4 Max Bupa : Gross Written Premium grows 23% to Rs 260 Cr. in H1FY17. Bank of Baroda sales commenced and systems integrated with bank's core system
- 5 Max Bupa : Losses (excluding one-off items) reduce significantly to Rs. 16 Cr in H1FY17 from Rs. 40 Cr in H1FY16
- 6 Antara : Dehradun community receives occupancy certificate and first set of possession letters have been issued

# MHC Network\* (Financial Snapshot – Q2 & H1 FY17)

## Revenue

- Q2FY17 revenue at Rs 667 Cr grows a strong 24% y-o-y
- Oncology continues to be the highest revenue contributor ~ 13% to revenue
- Pathology- B2B launched in May'16 (200+ tie ups); B2C to launch by Q3FY17 end
- Avg. Occupancy across network in Q2FY17 improves to 77.9% with 18% increase in Occupied Beds in Q2 FY17 y-o-y

## Profitability

- Q2FY17 EBITDA at Rs. 80 Cr, grows 52%, driven by 90 bps improvement in margins from mature hospitals (to 14.7% in Q2FY17) and 742 bps improvement in margins from new hospitals (to 10.2% in Q2FY17)
- Q2FY17 EBITDA Margin improved by 238 bps to 12.4% (Q2FY16 10%)
- Q2FY17 PBT grows 7x to Rs 15 Cr vs Rs 2 Cr in Q2FY16
- H1FY17 EBITDA at Rs. 140 Cr, grows 44% y-o-y. H1FY17 EBITDA margin improved by 238 bps to 11.2% (H1FY16 9.8%)
- H1FY17 PBT at Rs 11 Cr vs Rs 12 Cr in H1FY16 due to increase in interest cost by Rs 33 Cr on borrowing to part finance two acquisitions

# MHC Network\* – Performance Dashboard (Q2 & H1FY17)

Rs Cr

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
	Sep-16	Sep-15		Sep-16	Sep-15	
<b>a) Financial Performance</b>						
<b>Revenue (Gross)</b>	<b>667</b>	<b>539</b>	<b>24%</b>	<b>1,300</b>	<b>1,032</b>	<b>26%</b>
Revenue (Net)	640	522	23%	1,248	994	26%
<b>Direct Costs</b>						
Material Cost	159	140	14%	319	272	17%
Clinician Payout	54	44	22%	102	83	24%
<b>Contribution</b>	<b>427</b>	<b>338</b>	<b>26%</b>	<b>827</b>	<b>639</b>	<b>29%</b>
<i>Contribution Margin<sup>^</sup></i>	66.7%	64.8%	196 bps	66.3%	64.3%	193 bps
<b>Indirect Costs</b>						
Personnel Cost	204	167	22%	404	319	27%
Other Indirect overheads	113	93	21%	222	173	28%
HO Costs	31	25	24%	60	50	21%
<b>EBITDA</b>	<b>80</b>	<b>52</b>	<b>52%</b>	<b>140</b>	<b>97</b>	<b>44%</b>
<i>EBITDA Margin<sup>^</sup></i>	12.4%	10.0%	238 bps	11.2%	9.8%	143 bps
Finance Cost	35	24	45%	70	37	88%
<b>Cash Profit</b>	<b>44</b>	<b>28</b>	<b>57%</b>	<b>71</b>	<b>60</b>	<b>17%</b>
Depreciation	30	26	14%	60	48	24%
<b>PBT</b>	<b>15</b>	<b>2</b>	<b>7x</b>	<b>11</b>	<b>12</b>	<b>-12%</b>
<b>b) Financial Position</b>						
Net Worth				1,108	780	42%
Net Debt				1,078	732	47%
Tangible Fixed Assets - Gross Block				1,985	1,257	58%

\*The above results are for MHC Network of hospitals and includes results for Max Super Speciality Hospital, Saket, unit of Devki Devi Foundation, Max Super Speciality Hospital, Patparganj, unit of Balaji Medical and Diagnostic Research Centre & Saket City Hospital unit of Gujarmal Modi Hospital & Research Centre; ^ on the basis of net revenue

# MHC Network\* – Performance Dashboard (Q2 & H1FY17)

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
	Sep-16	Sep-15		Sep-16	Sep-15	
a) Patient Transactions (Nos in lacs)						
Inpatient Discharges	0.51	0.43	19%	0.99	0.78	26%
Day care Procedures	0.13	0.07	76%	0.25	0.14	79%
Outpatient Footfalls	17.63	14.17	24%	33.49	26.76	25%
<b>Total</b>	<b>18.26</b>	<b>14.67</b>	<b>24%</b>	<b>34.73</b>	<b>27.68</b>	<b>25%</b>
b) Average Inpatient Operational Beds	2,354	2,000	18%	2,337	1,878	24%
c) Average Inpatient Occupancy	77.9%	74.5%	340 bps	74.7%	73.3%	137 bps
d) Average Length of Stay (days)	3.32	3.21	-3%	3.24	3.02	-7%
e) Average Revenue/Occupied Bed Day (Rs)	39,522	39,320	1%	40,696	43,557	-7%
f) Other Operational Data						
Physicians				2,571	2,283	13%
Employees				8,436	6,517	29%
Customer Base (in lacs)				32.9	27.0	22%

# MHC Network\* – Performance Dashboard (Q2 & H1FY17)


Key Business Drivers	Unit	Quarter Ended		Y-o-Y	Half Year Ended		Y-o-Y
		Sep-16	Sep-15	Growth	Sep-16	Sep-15	Growth
<b>Mature Hospitals*</b>							
a) Financial Performance							
Revenue(Net)	Rs. Cr	370	344	8%	728	675	8%
EBITDA	Rs. Cr	54	47	15%	102	89	14%
EBITDA Margin	%	14.7%	13.8%	90 bps	14.0%	13.2%	72 bps
b) Average Inpatient Operational Beds	No.	1,116	1,094	2%	1,111	1,095	2%
c) Average Inpatient Occupancy	%	80.4%	78.3%	206 bps	77.7%	75.6%	212 bps
d) Average Revenue/Occupied Bed Day	Rs.	46,539	45,035	3%	47,763	46,194	3%
e) Return on Capital Employed (Annualised)	%	22.9%	18.1%	473 bps	21.0%	16.8%	423 bps
<b>New Hospitals^</b>							
a) Financial Performance							
Revenue(Net)		264	174	51%	511	312	64%
EBITDA	Rs. Cr	27	5	5x	40	8	5x
EBITDA Margin	%	10.2%	2.8%	742 bps	7.9%	2.6%	530 bps
b) Average Inpatient Operational Beds	No.	1,238	906	37%	1,226	784	56%
c) Average Inpatient Occupancy	%	75.7%	69.9%	577 bps	71.9%	69.2%	270 bps
d) Avg. Revenue/Occupied Bed Day	Rs.	32,116	30,955	4%	33,169	32,778	1%
e) Return on Capital Employed (Annualised)	%	3.2%	-3.0%	623 bps	1.4%	-2.7%	416 bps

\*The above results are for MHC Network (Saket West, Panchsheel, Gurgaon, Noida, Pitampura) 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

^ The above results are for Shalimar Bagh, Mohali, Dehradun, Bathinda, Vaishali & Saket City hospital unit of Gujarmal Modi Hospital & Research Centre





  
**THANK YOU**