MAX FINANCIAL SERVICES LIMITED

Corporate Office: Max House, Okhla, New Delhi – 110 020

Max Financial Services Limited's Earnings call
Thursday 10th August 2017 at 3.30 PM IST

New Delhi, August 9, 2017

Max Financial Services Limited, the holding company for Max Life Insurance business, is organizing a conference call for investors and analysts to discuss its Q1FY18 results performance. The call is scheduled for **Thursday, 10th August 2017 at 3:30 p.m**.

Senior Management team from Max Financial and Max Life will be present on the call.

Details of the conference call

Date	• Thursday, Aug 10, 2017
Timing	• 3.30 p.m. India Time • 6.00 p.m. Hong Kong / Singapore Time • 11.00 a.m. London Time • 6.00 a.m. New York Time

India Conference dial-in **Primary Number** **Secondary Number**	• **+91 22 3938 1071**
India Local access Number	• 3940 3977 (Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon (NCR), Hyderabad, Kolkata - Accessible from all carriers)
Conference dial-in – International Access *(Toll Free Numbers)*	• USA: **1 866 746 2133** • UK: **0 808 101 1573** • Singapore**: 800 101 2045** • Hong Kong: **800 964 448**
Replay Facility	• Available until August 17, 2017 on +91 22 3065 2322 • Play Back ID – 36719

- Ends -

About Max Financial Services Limited

Max Financial Services Limited (MFS), a part of the US$ 2 billion Max Group, is the parent company of Max Life, India's largest non-bank, private life insurance company. MFS actively manages a majority stake in Max Life Insurance Company Limited, making it India's first listed company focused exclusively on life insurance. Max Life is a joint venture with Mitsui Sumitomo Insurance (MSI), a Japan headquartered global leader in life insurance.

For more information on the Company, please visit ***www.maxfinancialservices.com***

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Max Financial Services Investor Release

Quarter ended June 2017

Disclaimer

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Max Financial Services : Q1FY18 Key Highlights

1 **Group revenue* at Rs 2,566 Cr, grows 14% y-o-y**

2 **Group PBT at Rs 87 Cr, down 38% y-o-y, due to one-off gains from investment income in last year**

3 **Max Life : Individual Adjusted FYP grows by 19% to Rs 458 Cr**

4 **Significant improvement in protection mix in Q1FY18 results in margin and RoEV expansion relative to Q1FY17**

Merger Update

- The Board of Directors of the Company ("MFSL") had approved a composite scheme of amalgamation and arrangement ("Scheme") on August 8, 2016, which inter alia contemplated :
  - *(a) merger of Max Life Insurance Company Limited with the Company;*
  - *(b) demerger of the life insurance undertaking of MFSL & merger of the said undertaking with HDFC Life Insurance Company Limited; and*
  - *(c) merger of MFSL (holding the non-life insurance business) with Max India Limited*
- The parties to the proposed scheme had applied for various regulatory approvals
- However, IRDAI expressed reservations on the structure under the Scheme
- The Confidentiality, Exclusivity and Standstill Agreement entered amongst the parties expired on 31 July, 2017 and as the same was not being extended further
- The proposed Scheme and the applications filed in this regard with the Stock exchanges were withdrawn on July 31, 2017

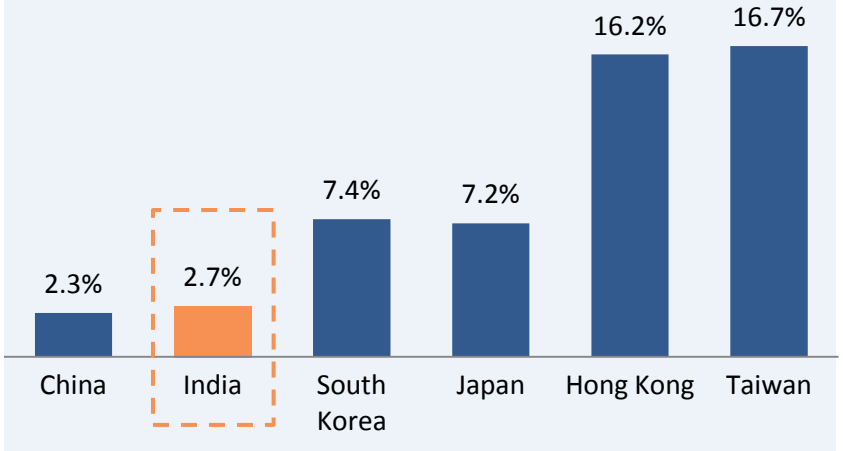
* Excludes MLIC Unit Investment income

Agenda

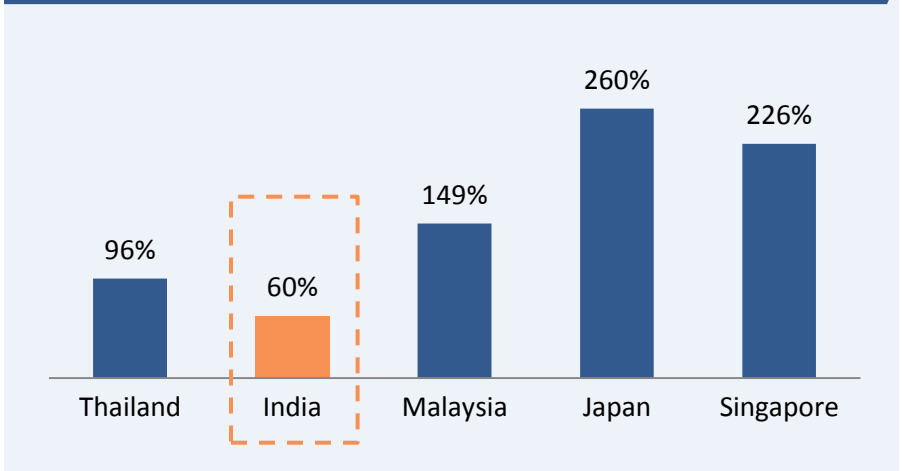
1. ***Industry & Economic Overview***
2. *Max Life Overview*
3. *Financial Performance*
4. *Awards and Accolades*

Significant potential to expand both in savings and protection segment

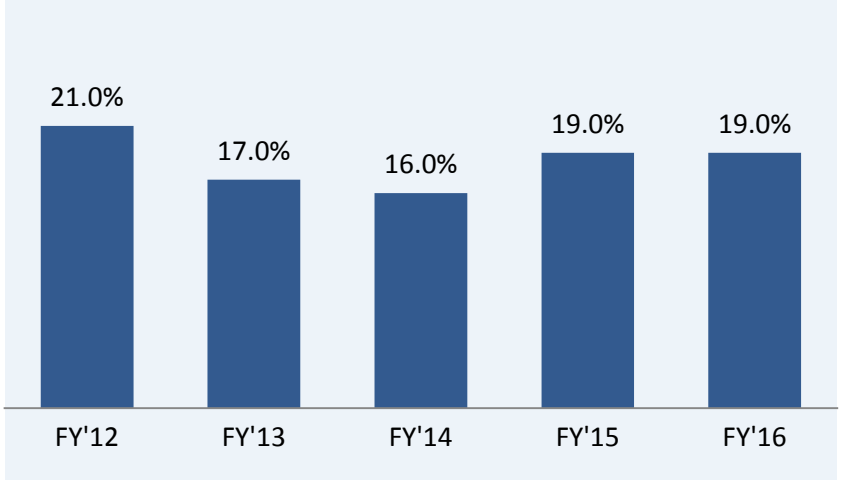
Life Insurance Penetration (Premium as % of GDP), 2016



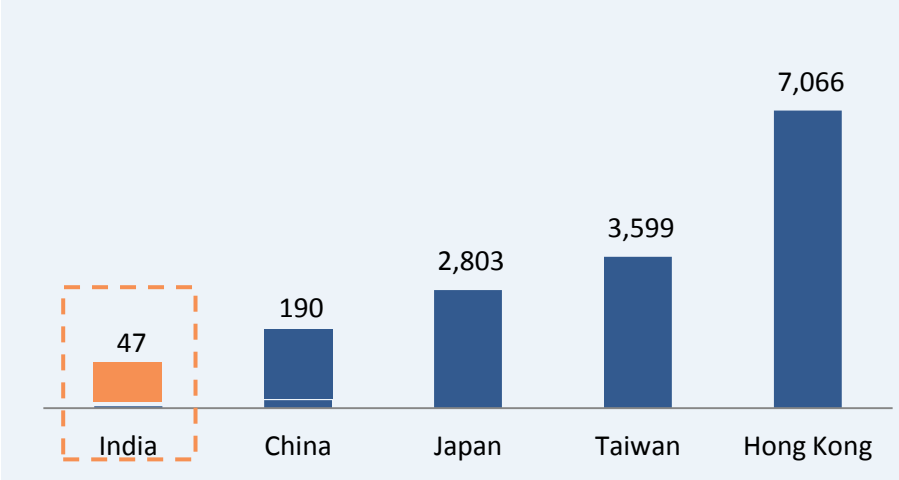
Level of Protection (Sum Assured as % of GDP), 2015



% of Life Insurance in household savings- India

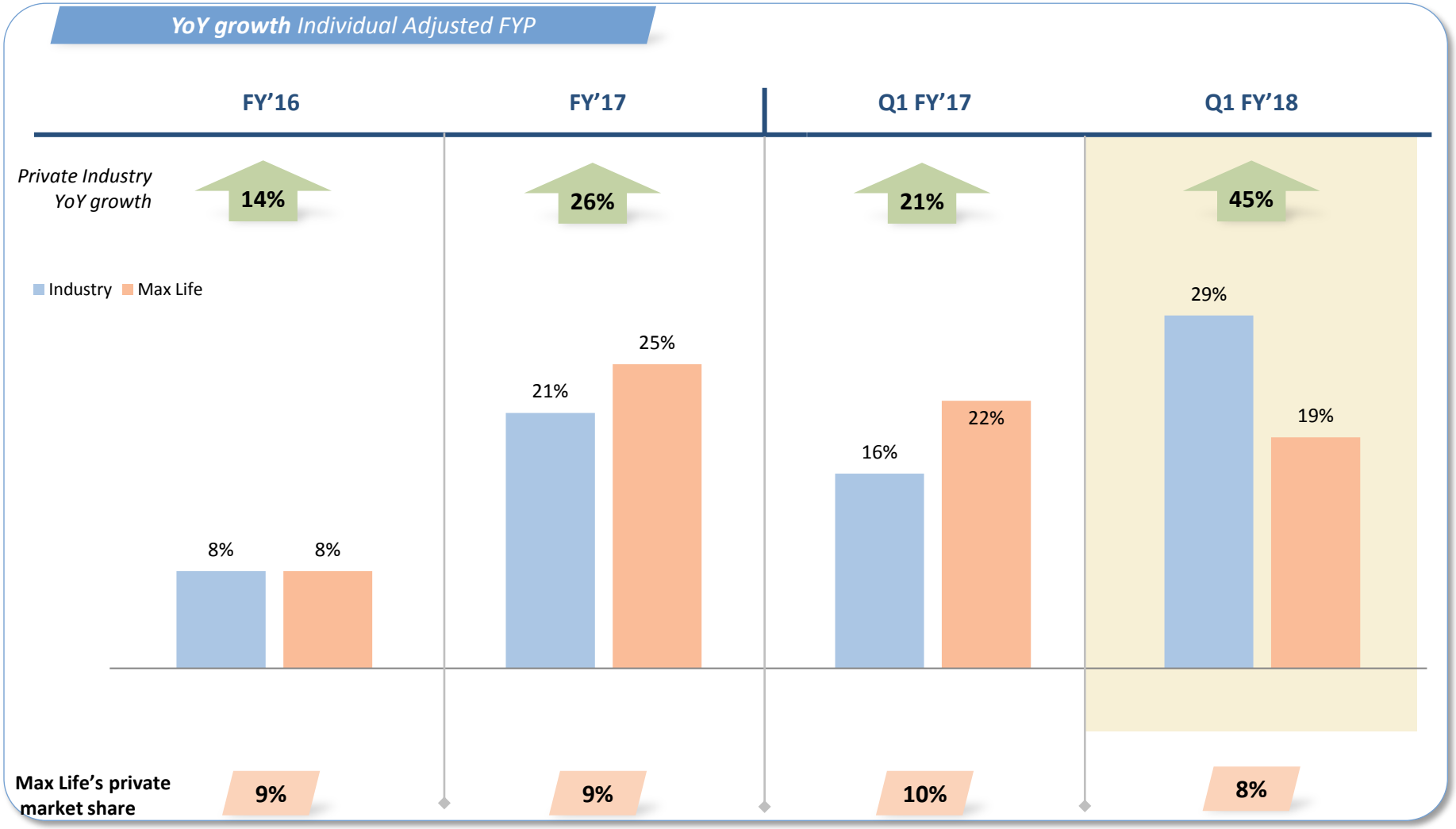


Life Insurance Density (Premium per capita – USD), 2016



Source: "Swiss Re: World Insurance in 2016"

Industry Landscape (Q1 FY'18): Industry grew by 29% driven by strong performance of the private players (+45%) and LIC (+13%)



Significant proportion of the private industry's growth was driven by higher UL mix and low base effect owing to relatively subdued performance in Q1 FY17

Source: Life Insurance Council | IRDAI

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Our Strategy: Strengthen multi-channel architecture and leverage technology to continue profitable growth

1 Continue to chase profitable growth

- Superior financial performance with profitable growth
- Balanced product mix with focus on long term saving and protection proposition
- Superior customer outcomes and retention

2 Comprehensive multi-channel distribution model

- Comprehensive multi-channel distribution model with highly efficient and productive agency channel and strong Banca relationships
- Proprietary channel of the future will work towards driving efficiencies of existing assets and variablizing costs by leveraging technology

3 Strong digital footprints

- Using digital technologies to harness data and analytics for more efficient sales processes and better customer experience
- Digitization of backend infrastructure for driving operational efficiencies

Supported by eminent Board, strong management team and robust governance framework

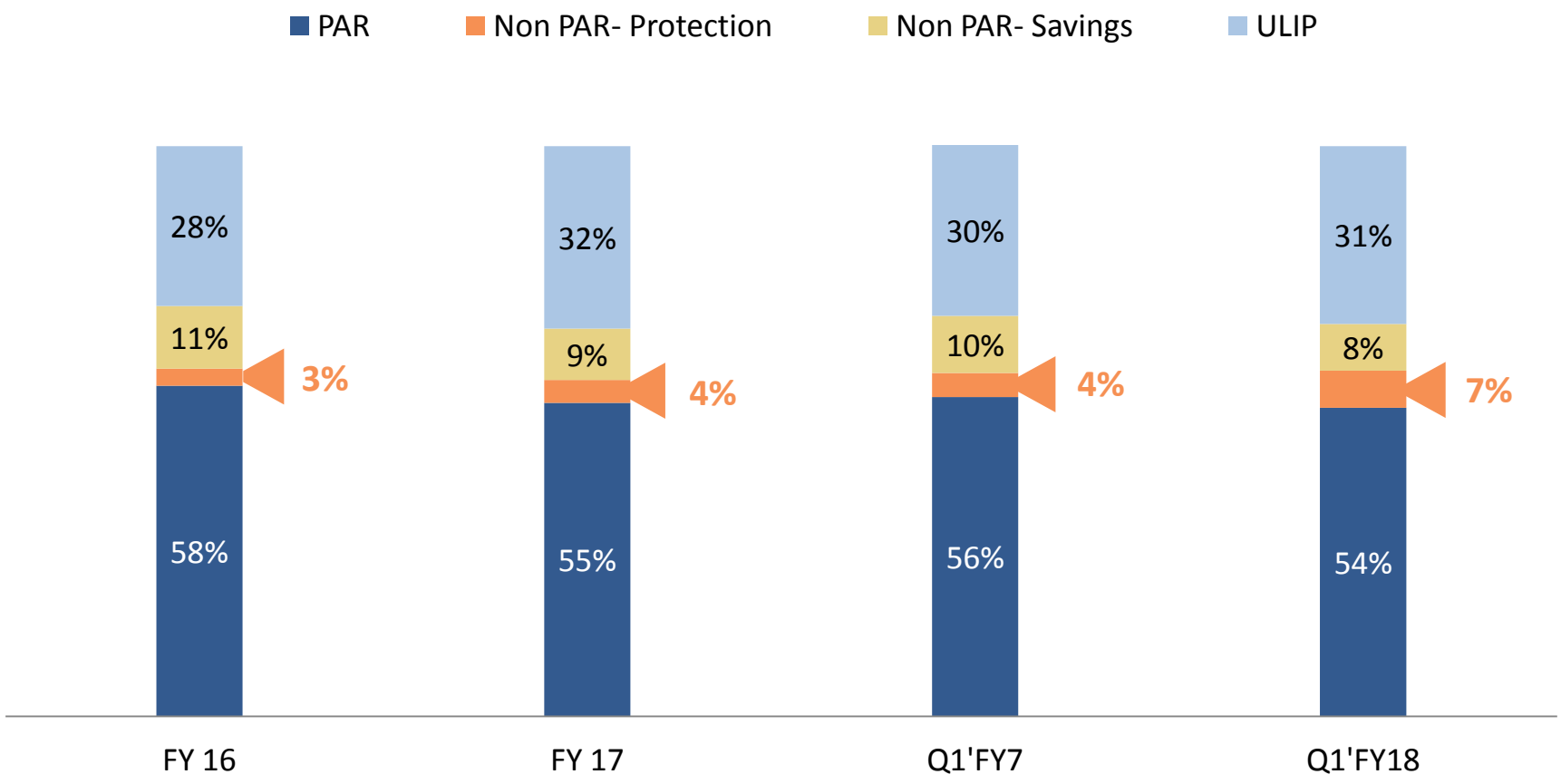
1 Financial Performance Summary Q1'FY18

Total Revenue	Individual Sales	GWP	AUM^
2,560 [2,234] ↑ 15%	Rs 458 Cr [Rs 384 Cr] ↑ 19%	Rs 2,007 Cr [Rs 1,746 Cr] ↑ 15%	Rs 45,870 Cr [Rs 44,370 Cr) ↑ 3%
PBT	**Net Worth^**	**Share Capital^**	**Cost to GWP Ratio**
Rs 106 Cr [Rs 106 Cr*] ↔	Rs 2,452 Cr [Rs 2,509 Cr] ↓ 2%	1919 [1919] ↔	26.5% [26.7%] ↓ 24 bps
Sum Assured	**Policies in force (Individual in lakhs)**	**Solvency Ratio^**	**Case Size**
3,90,017 Cr [3,27,172 Cr] ↑ 19%	39.06 [37.42] ↑ 4%	295% [309%] ↓ 14%	45,965 [42,787] ↑ 7%
No. of Employees	**No. of Agents**	**Claim Settlement Ratio**	**Protection Mix**
9,430 [9,010] ↑ 5%	53,120 [48,611] ↑ 9%	94.66% [93.69%] ↑ 97 bps	7% [4%] ↑ 283 bps

*Higher Q1'FY 16-17 profit is due to one-time non operating gains realization primarily from investment income

Figures in [brackets] are for previous quarter numbers; ^ Represents comparison from March'17 numbers

1 Balanced product mix with enhanced focus on long term saving and protection contribution



Product mix basis Ind. AFYP

1 Balanced product mix with focus on long tenor life coverage

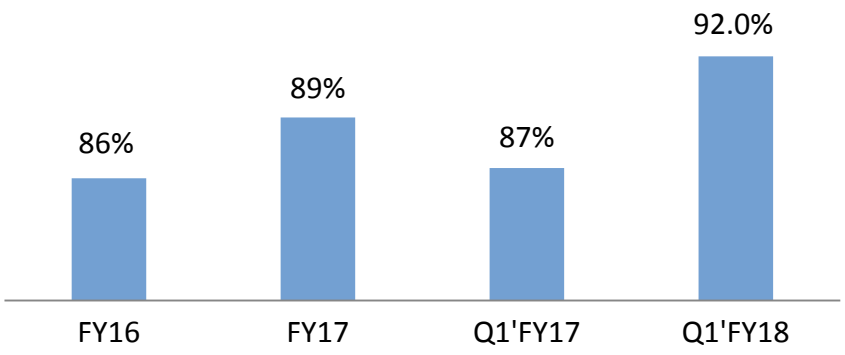
As on 30th Jun 2017

*PPT: Premium Payment Term

1 Superior customer outcomes and retention with continuous improvement across all quality parameters

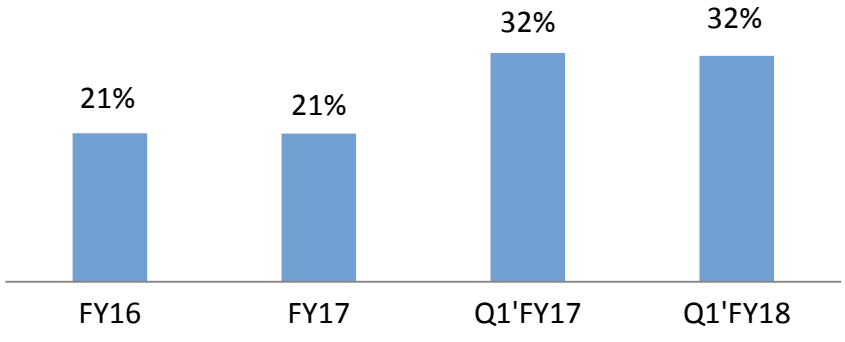
High quality business franchise

Conservation Ratio



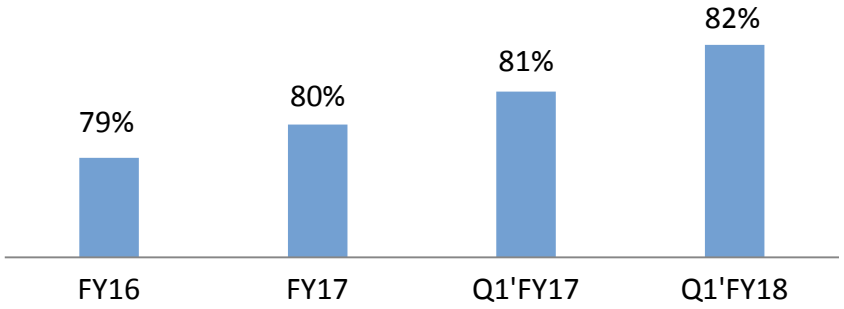
Steady retention capabilities

Surrender to GWP

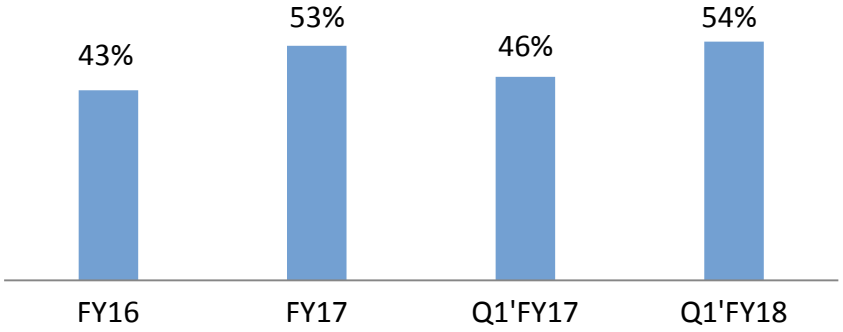


Continuous improvement in persistency

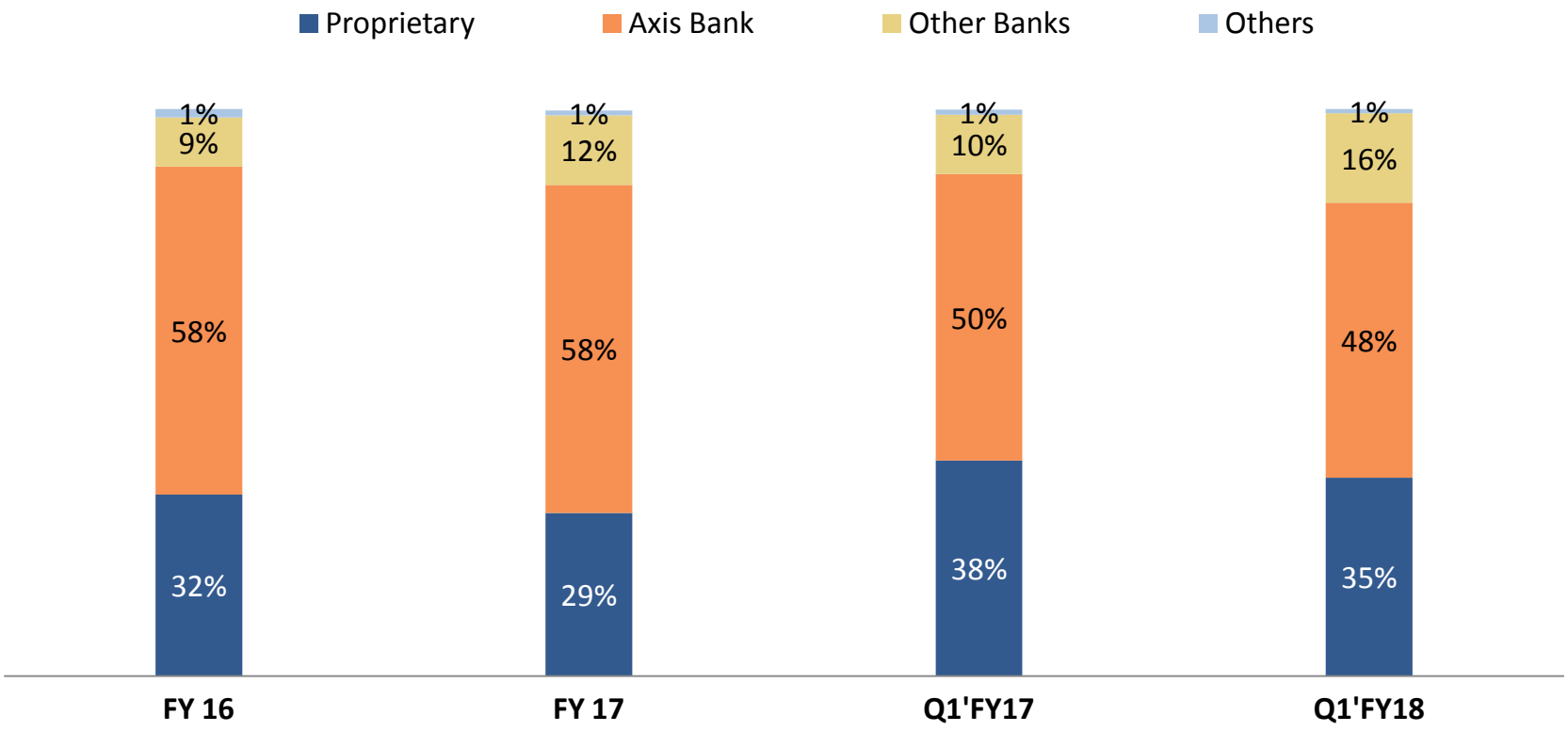
13th month persistency ratio



61st month persistency ratio



2 Comprehensive multi-channel distribution with consistent contribution from proprietary channels

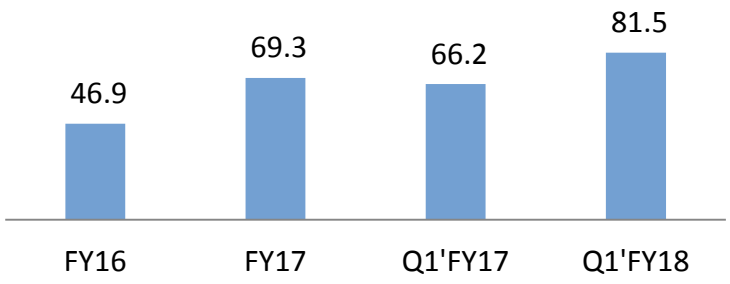


Distribution mix basis Ind. AFYP

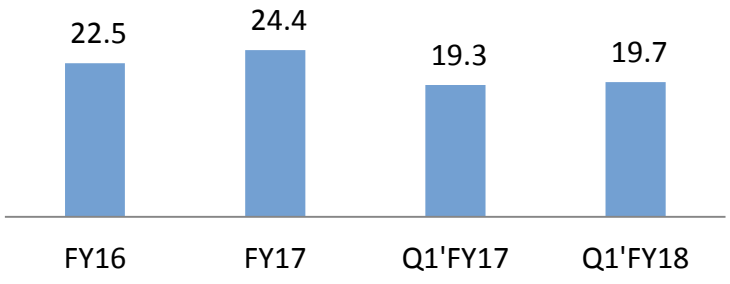
2 Highly efficient and productive agency channel and strong banca relationships with consistent growth

Highly efficient and productive agency channel with focus on quality of advice

Active Agent productivity (Rs '000 pm)

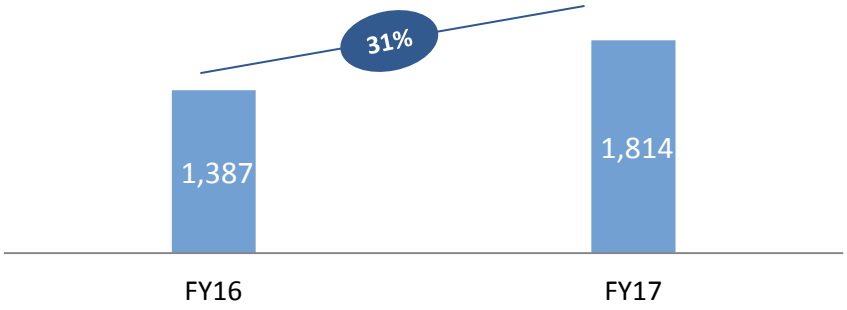


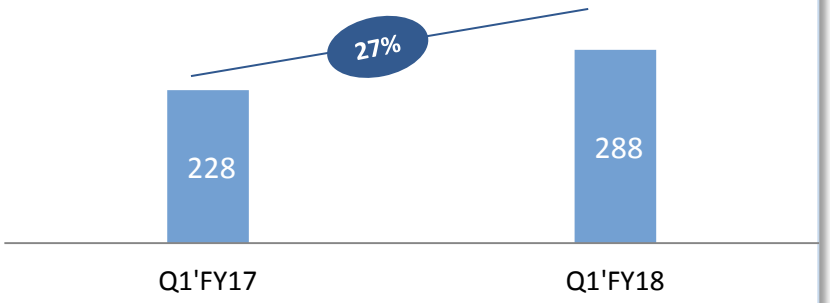
Branch productivity (Rs Lakhs pm)



Strong Banca relationship with consistent growth

Ind. Adj. FYP (Rs. Cr)





3 Using digital technologies to harness data and analytics for more efficient sales processes and better customer experience

Digital Marketing and E Commerce

- Max Life continued its dominance in Online Term market and in Q1 FY 18
- A modified term product with enhanced features and new journeys planned for launch in Q2, designed to enhance more value per customer

1

Transforming Digital Interface

- A new 'Payment First' journey launched with a bet to optimize sales effort; Expected to improve conversion
- Frictionless journey being built as an experience differentiator – 14% cases processed with Zero Documents & 28 % with No Medicals
- Launching a unified seller and customer servicing tool (mPower) in Q3 to increase agent productivity & persistency

4

Smarter Acquisition

Higher customer lifetime value

Areas of leverage for digital technology

Higher Conversion

Better risk selection & customer experience

Seller Ecosystem

- Prospecting and solution generation tool being used pan-India for Agency by over 14,000 advisors and is enhancing Agency Performance
- Smart analytics from the data giving lead propensity and forecasting insights to sales teams
- End to end sales process eSales adopted 99.9% in Axis channel
- New mobile based CRM introduced for lead management in bancaassurance channels

2

Re-imagining Fulfillment

- Use of external data sources to avoid paper submission for financial underwriting
- Predictive models to gauge insurability to provide frictionless journey
- Upto 90% reduction in policy issuance TAT being achieved with digital proposals in Agency
- To generate new revenue line, launching 'Axis Digital Circle' tool to enable on-call sales fulfillment in Q2

3

~80% of policies are fulfilled digitally and ~55% of renewals are managed digitally; all of this leads cost efficiency and faster turnaround time

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Delivering consistent growth in top line and renewals coupled with driving cost efficiencies

Figures in Rs. Cr.

Financial Performance	FY 16		FY17	Q1'FY17		Q1'FY18
Ind Adj. FYP	2,103	25%	2,639	384	19%	458
Renewal Premium	6,334	12%	7,114	1,175	14%	1,342
Gross Premium	9,216	17%	10,780	1,746	15%	2,007
Cost to GWP Ratio	23.0%	138 bps	24.3%	26.7%	24 bps	26.5%

Healthy and consistent profitability creating value to all the stakeholders while maintaining solvency above required levels

Figures in Rs. Cr.

Financial Performance	FY 16		FY17	Q1'FY17		Q1'FY18
Profit(before Tax)*	511	50% ↑	768	106*	↔	106
AUM	35,824	24% ↑	44,370	37,701	22% ↑	45,870
Solvency Ratio	343%	34% ↓	309%	347%	52% ↓	295%

*Higher Q1'FY 16-17 profit is due to one-time non operating gains realization primarily from investment income

Performance update- Q4'FY18 and FY'17

Key Business Drivers	Unit	Quarter Ended		Q-o-Q Growth	Year Ended		Y-o-Y Growth
		Jun'16	Jun'17		FY'16	FY'17	
a) Individual Adjusted Premium	Rs. Crore	384	458	19%	2,103	2,639	25%
b) Gross written premium income	Rs. Crore	1,746	2,007	15%	9,216	10,780	17%
First year premium		382	453	19%	2,083	2,646	27%
Renewal premium		1,175	1,342	14%	6,334	7,114	12%
Single premium		189	212	12%	799	1,020	28%
c) Shareholder Profit (Pre Tax)	Rs. Crore	106*	106	-	511	768	50%
d) Cost to Gross Premium	%	26.7%	26.5%	(24 bps)	23.0%	24.3%	>100 bps
e) Conservation ratio	%	86.5%	92.0%	>100 bps	85.9%	88.6%	>100 bps
f) Average case size(Agency)	Rs.	42,787	45,965	7%	36,747	46,713	27%
g) Number of agents (Agency)	No.	48,611	53,120	9%	45,275	54,283	20%
h) Share Capital	Rs. Crore	1,919	1,919	-	1,919	1,919	-
i) Individual Policies in force	No. Lacs	37.42	39.06	4%	37.60	39.12	4%
j) Sum insured in force	Rs. Crore	3,27,172	3,90,017	19%	2,71,633	3,77,572	39%

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Awards and Accolades

1 Setting higher benchmark with every award

- "ASSOCHAM award 2016" for excellence in corporate governance
- "e-Business Leader" 2017 at the 'Finteleket Insurance Awards 2017'
- Project "Instaclaims - Claims approval in 1 day" won the Best project for use of Six Sigma in Banking and Finance Industry at World Quality Congress - Global Awards
- "Golden Peacock Award 2016" for excellence in corporate governance
- " Best compliance team award 2016" at the compliance 10/10 awards organized by Legasis
- "IDC Insights award 2016" for Tech Excellence in Revenue Generation for developing innovative mobility apps
- Celent Asia award for best technology insurer
- Recognized as "Best BFSI Brand 2016" by Economic Times
- Recognized as "Best Life Insurer" 2016 by Outlook Money
- "Asia's Most Admired Brand 2016" in the Insurance category by White Page International, 2016
- Ranked 46th amongst India's top 100 best companies to work for 2016; featured for 5th consecutive year
- Bronze in ASQ-International Team Excellence Awards for quality project " Reducing 7 days POS TAT"
- Bronze in ASQ-South East Asia Team Excellence Awards for black belt project " Enhancing NACH*registration ratios"
- "Silver award" at 10th QCI-DL Shah Quality award 2016
- "Asia Pacific Quality Organization award, 2016" for global performance excellence
- "Ramakrishna Bajaj National Quality" award-winner in service category
- "India Insurance awards 2016" in the category of E-business leader, Agency Efficiency and Claim service leader

2 "Industry First" trend setter

- First company to provide freelook period of 15 days to the customer
- First company to start toll free line for agent service
- First life insurance company in India to implement lean methodology of service excellence in service industry
- First Indian life insurance company to start service center at the regional level
- First life insurance company in India to be awarded ISO 9001:2008 certification

* NACH: National Automated Clearing House ; POS TAT: Policy Operations servicing turnaround time

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