MAX Healthcare

Earnings update – Q1 FY23

Aug 10, 2022

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Notes to Network Consolidated Financials

1. Healthcare undertaking of Radiant Life Care Private Limited ("Radiant") and residual business of erstwhile Max India Limited merged into Max Healthcare Institute Limited ("MHIL" or "the Company") through a NCLT approved Composite Scheme of Amalgamation and Arrangement on June 1, 2020. The merger resulted into Radiant promoters controlling the merged MHIL.

2. The transaction was accounted for as a business combination under Ind AS 103 "Business Combinations". Further applying the criteria laid in the accounting standard, the merger was accounted for as follows:

    a) Radiant was identified as the accounting acquirer and thus the merger qualified as a "reverse acquisition"

    b) MHIL financials were considered to be the continuation of Radiant's healthcare undertaking financials (accounting acquirer) and thus all assets & liabilities of MHIL were fair valued as per principles laid down in Ind AS 103. Demerged undertaking of Radiant was accounted for at its carrying amounts.

    c) Further, since the business combination and control of Radiant over MHIL was achieved in stages, Radiant's pre-merger stake was fair valued as on June 1, 2020, with resulting loss of INR 195.9 Cr which was recognised in the Group Financials for the quarter ended June 30, 2020

3. Strictly applying the principles of Ind AS 103, the financial result of MHIL (merged entity) contains operating performance of MHIL, its subsidiaries and deemed separate entities (i.e. silos for managed healthcare facilities). However, in order to present a fair view of performance of the Group and given the significant Network bed capacity at partner healthcare facilities ("PHF") and financial exposure Group carries with respect to these PHFs, it is considered appropriate to disclose the financial performance of the Network Hospitals as a whole, by way of a management consolidation of financial results of operations of MHIL, its subsidiaries, managed healthcare facilities and partner healthcare facilities.

4. The Consolidated financial information contained in this presentation is thus different from that of the MHIL Group since the financials of partner healthcare facilities are also included. The information is drawn up based on the management consolidation of the unaudited financials of the Company, its subsidiaries, managed healthcare facilities and the unaudited financials (prepared under IGAAP) of the PHFs as received from them, duly adjusted for intra-network eliminations and IND AS related adjustments. The Consolidated financial information post IND AS adjustments, is certified by an independent firm of chartered accountants.

5. The Group, while accounting for the Business Combination in June 2020 carried out a fair valuation exercise, whereby the assets and liabilities of the acquired entity (i.e. MHIL) & its subsidiaries and effects thereof were captured in the financials starting June 1, 2020. The fair valuation exercise has led to an increase in the tangible and intangible assets of the Network by INR 3,662 Cr, which includes INR 252 Cr towards the partner healthcare facilities. Further, the Company acquired a step down subsidiary during the quarter ended September 30, 2021 and the purchase price allocation ("PPA") of this acquisition led to incremental change in tangible and intangible assets by INR 107 Cr beyond the investment value.

6. The Profit and Loss statement takes into account line by line consolidation of the financials in an investor friendly format of the Network Healthcare Facilities. Further, in order to better explain the financial results, the items which don't truly represent the operating income/expenditure have been identified and reported separately to reflect the Operating EBITDA. The numbers are regrouped to meet industry specific information requirement of Investors.

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MAX Healthcare

Q1 FY23 Highlights

Executive Summary: Q1 FY23 (1/2)

Network Financial highlights

- Gross revenue for Q1 FY23 was INR 1,473 Cr compared to INR 1,385 Cr in Q1 FY22 and INR 1,298 Cr in Q4 FY22
  - Gross revenue (excl. Covid-19 vaccination) for Q1 FY23 was INR 1,471 Cr compared to INR 1,249 in Q1 FY22 and INR 1,296 in Q4 FY22, reflecting a growth of +18% YoY and +14% QoQ
    - Vaccination revenue in Q1 FY23 was INR 2 Cr compared to INR 136 Cr in Q1 FY22 and INR 2 Cr in Q4 FY22
- Operating EBITDA for Q1 FY23 was INR 370 Cr compared to INR 360 Cr in Q1 FY22 and INR 304 Cr in Q4 FY22
  - EBITDA (excl. Covid-19 vaccination) for Q1 FY23 was INR 370 Cr compared to INR 301 Cr in Q1 FY22 and INR 304 Cr in Q4 FY22, reflecting a growth of +23% YoY and +22% QoQ
    - EBITDA from vaccination was negligible in both Q1 FY23 and Q4 FY22 compared to INR 59 Cr in Q1 FY22
  - On a like to like basis, EBITDA margin[1] (excl. vaccination) for the quarter stood at 26.6% versus 25.3% in Q1 FY22 and 24.9% in Q4 FY22
  - EBITDA per bed[2] (annualised) stood at INR 62.0 Lakhs, growth of +36% YoY and +10% QoQ
- Q1 FY23 PAT was INR 229 Cr versus INR 205 Cr in Q1 FY22 and INR 172 Cr in Q4 FY22
- Cash generated from operations (after interest, tax and replacement capex) was INR 237 Cr versus INR 179 Cr in Q4 FY22. Further, INR 13 Cr was deployed towards ongoing capacity expansion projects.
- Net debt[3] reduced to INR 217 Cr as at the end of June'22 from INR 441 Cr as on 31 Mar'22
- Pre-tax ROCE[4] for Q1 FY23 stood at 29.8% versus 28.5% in Q1 FY22 and 24.0% in Q4 FY22

Operational highlights

- Occupancy for Q1 FY23 stood at 74% versus 81% in Q1 FY22 and 68% in Q4 FY22
  - Less than 1% of the occupied beds were used for Covid-19 patients compared to 7% in Q4 FY22 and 39% in Q1 FY22
  - Share of occupied beds for institutional patients (relatively a lower ARPOB channel) reduced to 30% compared to 33% of Q4 FY22
  - International patient footfalls normalised to pre-Covid levels in Q1 FY23, despite negligible patient flows from Afghanistan, one of our key territories in FY20
  - Occupied Bed Days ('OBD') during the quarter increased by 9% over the previous quarter

(1) Margin calculated on net revenue | (2) Excluding that from Covid-19 vaccination & related antibody tests and Max Lab operations | (3) Includes Put Option Liability of INR 141 Cr as on June 30, 2022 | (4) Refer slide 8 for computational details

Executive Summary: Q1 FY23 (2/2)

Operational highlights (contd..)

- ARPOB[1] for Q1 FY23 stood at INR 66.0k versus INR 51.5k in Q1 FY22 (+28% YoY) and INR 63.5k in Q4 FY22 (+4% QoQ)
  - Increase in ARPOB was led by improvement in payor mix and surgical mix, normalisation of OPD footfalls and annual price revision. Further, ALOS reduced to 4.2 days in Q1 FY23 versus 5.9 days in Q1 FY22 & 4.3 days in Q4 FY22
- OP consults stood at 5.5 lakhs reflecting a growth of 42% over Q1 FY22 and 8% over Q4 FY22
- Digital revenue from online marketing activities and web-based appointments stood at INR 232 Cr, i.e. ~16% of overall revenue. Website traffic grew 14% QoQ to reach 33 lakhs+ sessions.
- Max Lab (Non-captive pathology vertical) reported gross revenue of INR 26 Cr. It added 90 channel partners during Q1 FY23, taking the overall active network to 850+ spread across 30+ cities supported by a dedicated team of 700+ personnel; On a like to like basis, the revenue (excl. Covid-19 related tests) grew by 50% YoY and 24% QoQ
- Max@Home gross revenue during the quarter was INR 32 Cr, a growth of 10% over Q4 FY22 & 18% over Q1 FY22. The SBU has a network of 62 medical outposts across corporates, of which 13 medical rooms were added in Q1 FY23
- ~37,200 OPD and ~1,270 IPD patients from economically weaker sections were treated free of charge

Clinical highlights

Clinical update:

- MSSH Saket became India's first centre having 4 surgical robots (including 3 Da Vinci robots) under one roof for Liver Transplant, Oncosurgery, Urology and MAMBS
- Successfully completed rare procedure of Trans Vascular Endobronchial ultrasound-guided transbronchial needle aspiration (EBUS- TBNA) in a patient with persistent necrotic isolated Pre Vascular Lymphnode

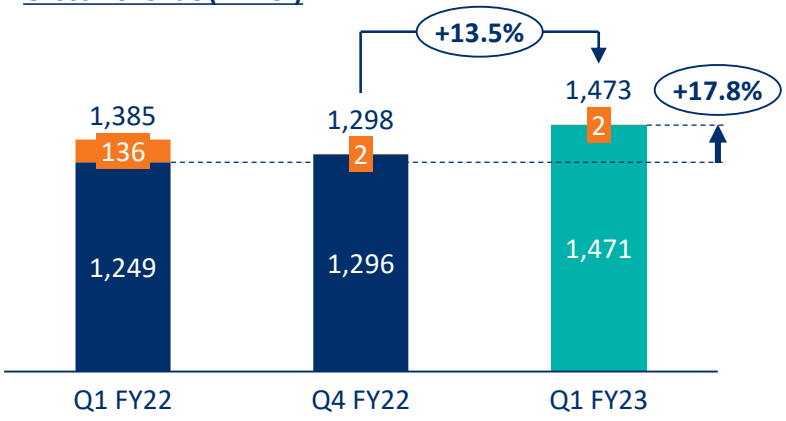
Research and academics:

- Entered into MoU with Ashoka University to build joint research program on genome analysis and data analytics including AI, ML and deep learning of various genetic and lifestyle diseases
- Published ~50 articles in high impact journals during Q1 FY23; ~100 clinical trials and 11 ongoing research grants
- ~100 MBBS students enrolled currently for a 2 year Clinical rotation in collaboration with Lincoln American University

(1) Excluding the revenue from Covid-19 vaccination & related antibody tests and Max Lab operations

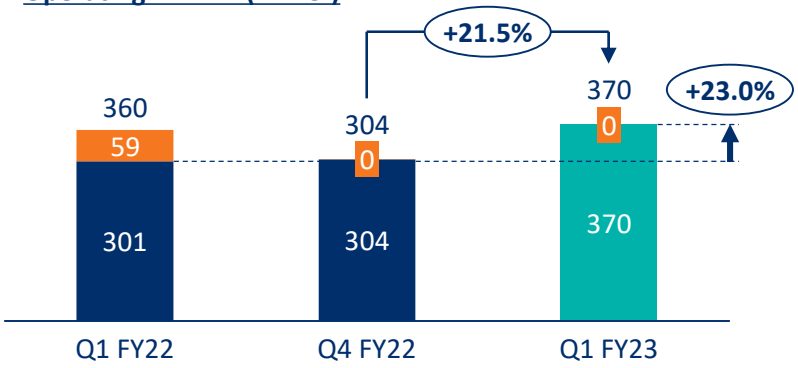
Key Financial Highlights

Gross Revenue (INR Cr)



Covid-19 vaccination & related antibody tests revenue

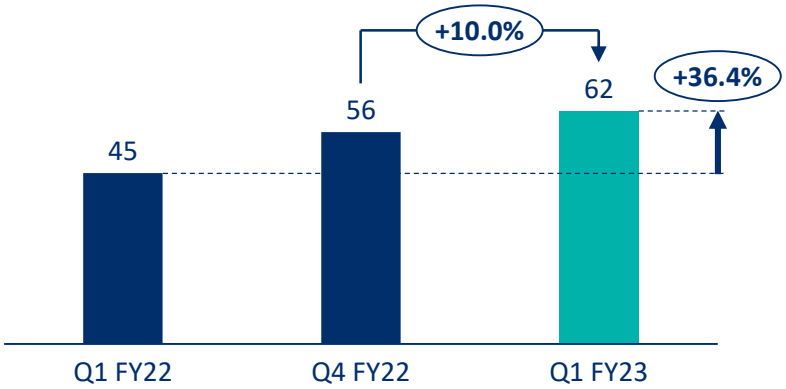
Operating EBITDA (INR Cr)



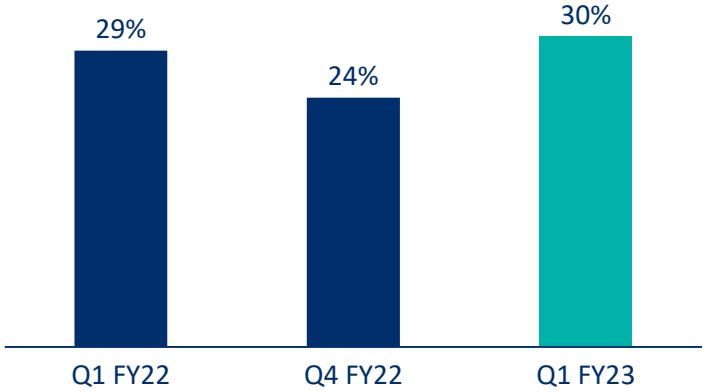
Covid-19 vaccination & related antibody tests EBITDA

Margin[1] (%) Q1 FY22 : 27.2% | Q4 FY22 : 24.8% | Q1 FY23 : 26.5%

Operating EBITDA per bed[2] (INR Lakhs)



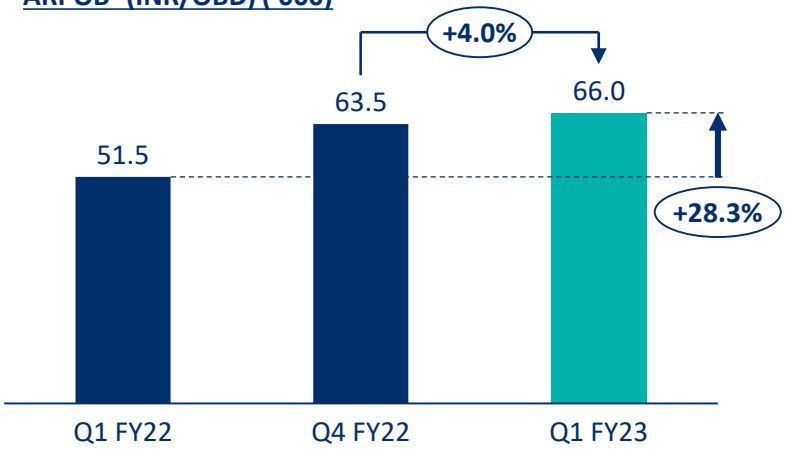
Pre-tax ROCE[3]



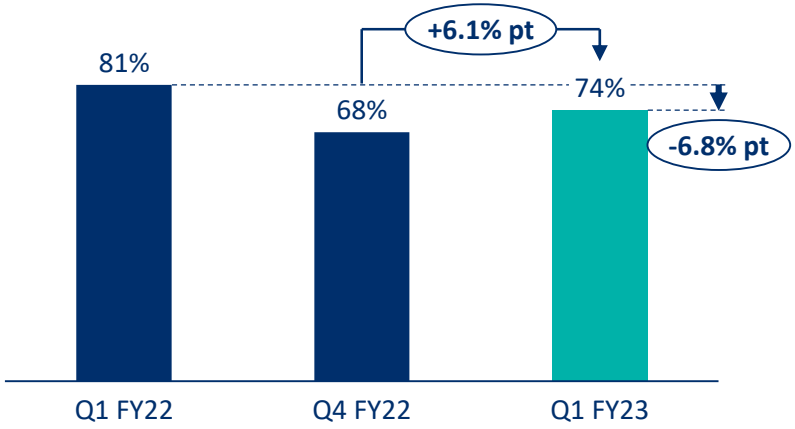
(1) Margin calculated on net revenue | (2) EBITDA per bed is annualised using relevant quarterly performance; excludes EBITDA from Covid-19 vaccination & related antibody tests and Max Lab operations | (3) Based on quarterly EBIT (excluding impact of Covid-19 vaccination & related antibody tests) annualised; capital employed excludes impact of Purchase price allocation consequent to merger with Radiant & Q2 FY22 acquisition and short term FDRs. Depreciation has been considered based on normalised replacement capex.

Key Operational Highlights

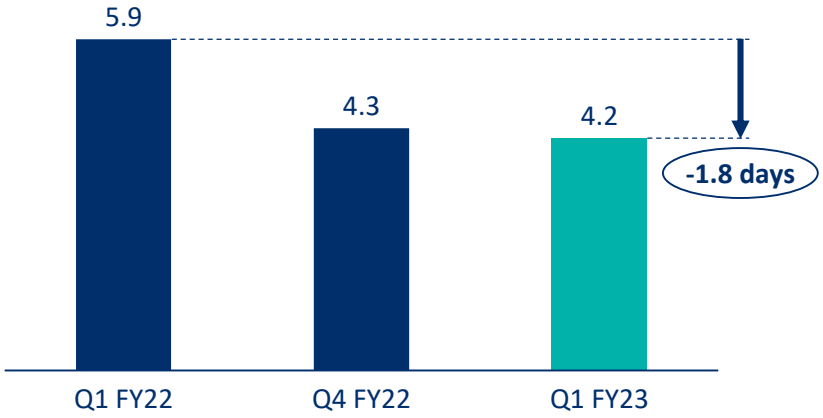
ARPOB[1] (INR/OBD) ('000)



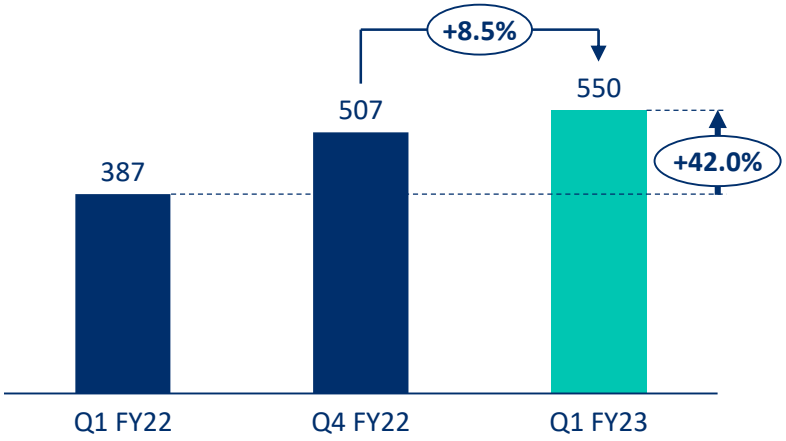
Avg. Inpatient Occupancy (%)



ALOS[2] (in days)



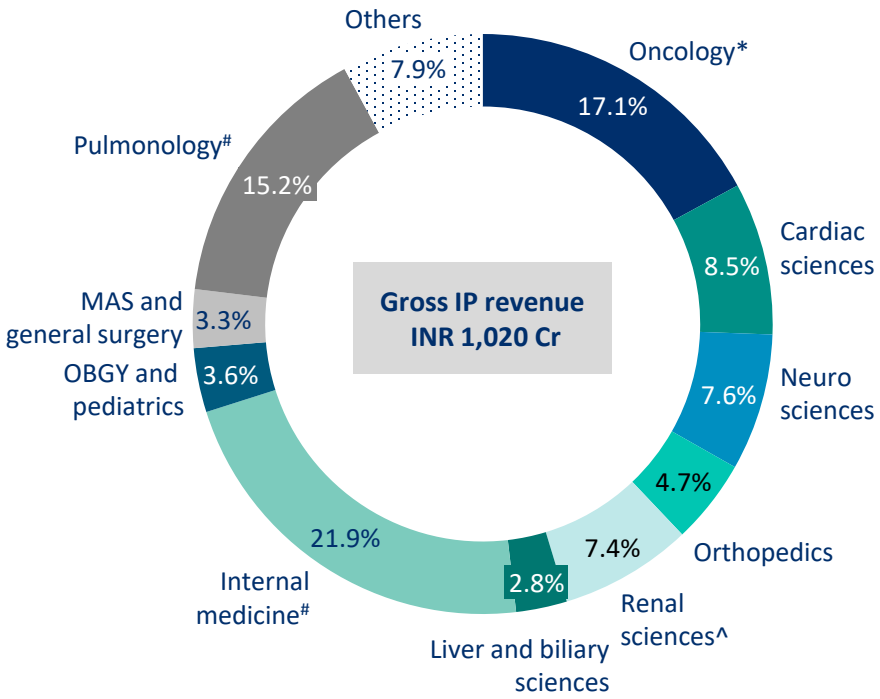
Outpatient consults ('000)



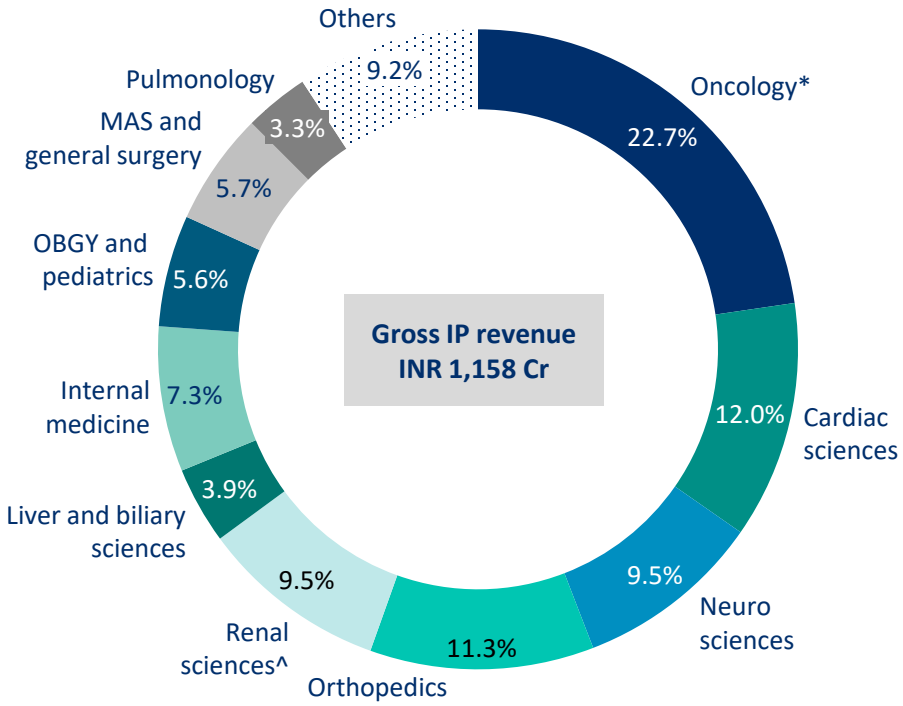
(1) ARPOB calculated as gross revenue/total OBD; Gross revenue excludes revenue from Covid-19 vaccination & related antibody tests and Max Lab operations
(2) ALOS calculated for discharged IP patients

Speciality Profile

Q1 FY22



Q1 FY23

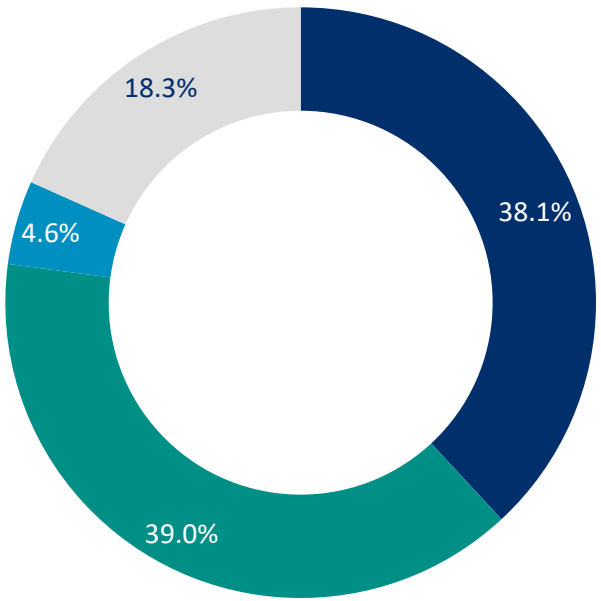


Note: Excludes OP and day care revenue, revenue from SBUs and other operating income;
* Includes chemotherapy and radiotherapy
^ Includes Dialysis
# Higher share in Q1 FY22 was due to Covid-19 admissions

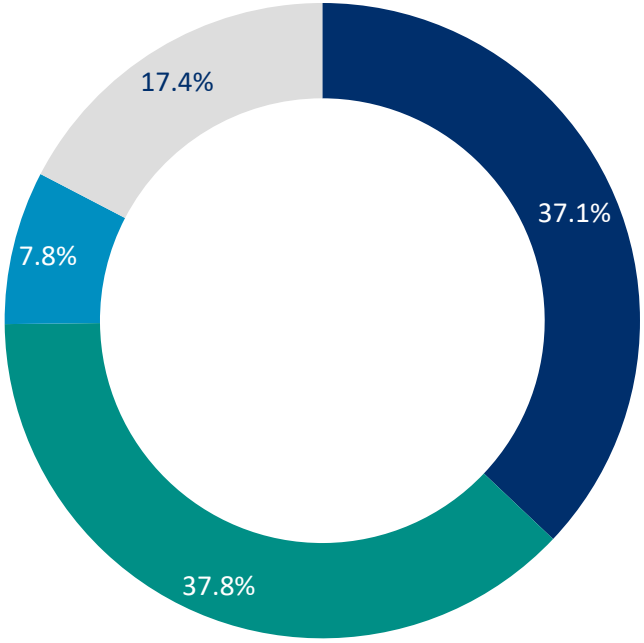
Payor Profile

Share of Revenue

Q1 FY22



Q1 FY23



Self Pay | TPA & corporates | International | Institutional

Note: Excludes revenue from Covid-19 vaccination & related antibody tests, SBUs and other operating income

Network P&L Statement: Q1 FY23

Figs in INR Cr

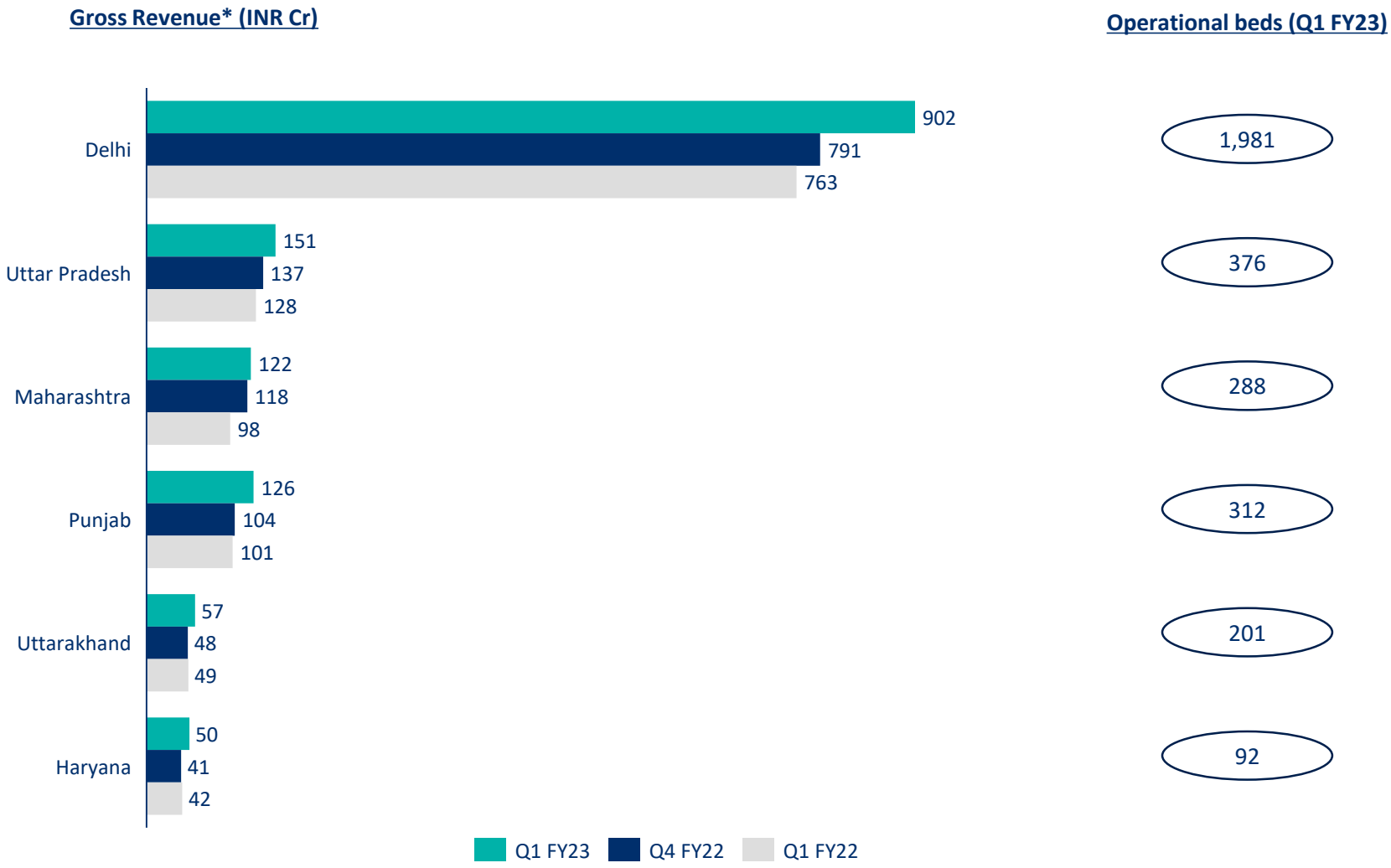
	Q1 FY22		Q4 FY22		Q1 FY23	
	Amount	% NR	Amount	% NR	Amount	% NR
Gross revenue[1]	1,385		1,298		1,473	
Net revenue	**1,322**	**100.0%**	**1,226**	**100.0%**	**1,393**	**100.0%**
Direct costs	538	40.7%	497	40.5%	551	39.6%
Contribution	**784**	**59.3%**	**729**	**59.5%**	**842**	**60.4%**
Indirect overheads[2]	425	32.1%	425	34.7%	472	33.9%
Operating EBITDA	**360**	**27.2%**	**304**	**24.8%**	**370**	**26.5%**
ESOP (Equity-settled scheme)	13	1.0%	5	0.4%	5	0.4%
Movement in fair value of contingent consideration payable and amortisation of contract assets[3]	6	0.5%	2	0.1%	6	0.4%
Reported EBITDA	**340**	**25.7%**	**298**	**24.3%**	**359**	**25.8%**
Finance cost (net)	31	2.4%	27	2.2%	20	1.4%
Depreciation and amortisation	59	4.5%	65	5.3%	65	4.6%
Profit before tax	**250**	**18.9%**	**206**	**16.8%**	**274**	**19.7%**
Tax	45	3.4%	33	2.7%	46	3.3%
Profit after tax	**205**	**15.5%**	**172**	**14.1%**	**229**	**16.4%**

Operating EBITDA (excl. Covid-19 vaccination)	**301**	**25.3%**	**304**	**24.9%**	**370**	**26.6%**

Note : The numbers for the previous period have been recasted and regrouped to make them comparable with the current period

1. Q1 FY22, Q4 FY22 and Q1 FY23 includes gross revenue of INR 136 Cr, INR 2 Cr & INR 2 Cr respectively from Covid-19 vaccination & related antibody tests
2. Increase is mainly attributed to annual merit increase, sales and marketing spend relating to international patients and seasonality in power and utilities cost vis-à-vis Q4 FY22
3. This is a non cash item representing change in fair value of contingent consideration payable to Trust/Society over the balance period (~21 to 32 years) under O&M Contracts and represents impact of changes in the time value of discounted liability, business plan projections and change in discount rate

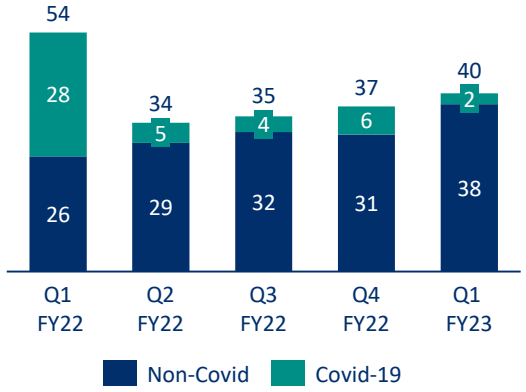
Gross revenue from hospitals, by region



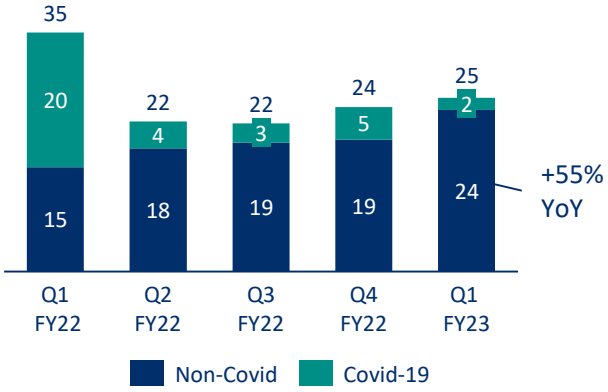
*Excludes revenue from Covid-19 vaccination & related antibody tests, Max Lab operations and Max@Home

Max Lab: Key performance indicators

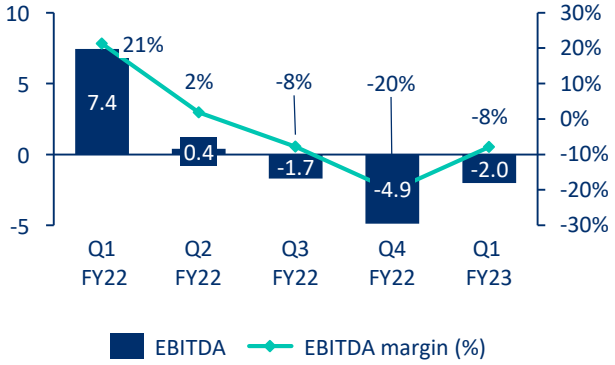
Gross Billing Value (INR Cr)



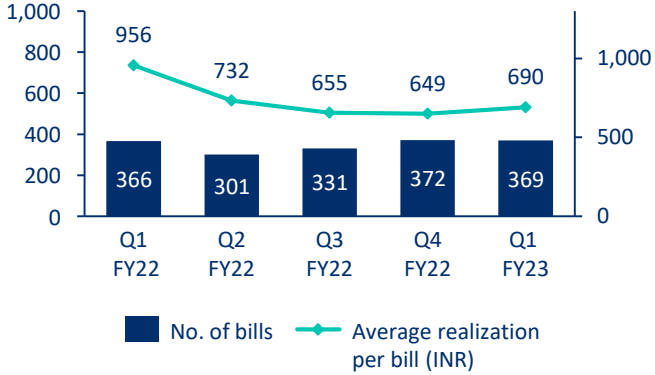
Net revenue (INR Cr)



EBITDA* (INR Cr)



No. of Bills ('000) & Avg. net realisation per bill (INR)



Operational footprint
(as of June 30, 2022)

350+
Partner-run collection centres

26
Company owned collection centres (CoCC)

155+
Phlebotomist At Site (PAS)

240
Pick-Up Points (PUPs)

36
Hospital based Lab Management (HLMs)

30+
Cities of operations

Added ~90 partners during Q1 FY23

Note: Gross Billing Value (GBV) is the amount billed to patients; Net Revenue represents GBV minus partner share;
Covid-19 and related tests include RTPCR, Antigen, Antibody, CBNAAT, IL-6, D-Dimer, Ferritin, CRP, LDH, Procalcitonin
* margin computed on net revenue, using arm length revenue share between Max Lab and hospitals (60:40 for Q1 FY23) for samples tested in hospital labs

Max Healthcare: Memorandum Profit & Loss Consolidation sheet of Network Financials for Q1 FY23

Figs in INR Cr

	MHIL, its subsidiaries & Silos	Partner Healthcare Facilities ("PHF") Financials (IGAAP Unaudited)*				Eliminations & Adjustment[2]	MHC Network (Consolidated) (Certified by an ICA)
	Ind AS Unaudited	Balaji Society	GM Modi Society	Devki Devi Society	IND AS Adjustment[1]		
Revenue from operations	1,066	144	87	180	-	(87)	1,390
Other income[3]	8	1	1	0	-	(7)	3
Total operating income	**1,075**	**145**	**88**	**180**	**-**	**(94)**	**1,393**
Pharmacy, drugs, consumables & other direct costs	220	28	18	52	-	15	332
Employee benefits expense[4]	194	19	12	19	-	55	299
Other expenses[5]	378	65	43	71	(1)	(164)	391
Total expenses	**792**	**112**	**73**	**142**	**(1)**	**(94)**	**1,023**
Operating EBITDA	**283**	**33**	**15**	**38**	**1**	**(0)**	**370**
Less: non-operating expenses							
ESOP (Equity-settled Scheme)	5	-	-	-	-	-	5
Movement in fair value of contingent consideration payable and amortisation of contract assets	6	-	-	-	-	-	6
Reported EBITDA	**272**	**33**	**15**	**38**	**1**	**(0)**	**359**
Finance costs (Net)	(1)	2	7	7	0	4	20
Depreciation & Amortisation	57	6	5	4	1	(8)	65
Profit before tax	**216**	**25**	**3**	**27**	**0**	**3**	**274**
Tax expenses	44	-	-	-	-	2	46
Profit after tax	**172**	**25**	**3**	**27**	**0**	**1**	**229**

*Newly added PHFs i.e. Vikrant Children's Foundation and Nirogi Charitable and Medical Research Trust have not been reflected separately due to negligible values

1) Mainly Ind AS 116 (Accounting for Leases) at PHFs | (2) Eliminations relate to revenue from PHFs and intra-network sale/purchase. Also includes consequential impact on amortisation due to reversal of Intangible assets at MHIL & its subsidiaries for contracts with PHFs. The net present value of the amount payable by a PHF to unconsolidated part of the other Society over the contract period was accrued during PPA and payment there against has thus been knocked off against the liability so created. Further, cost of non-treating doctors on retainership, forex gain/loss etc. have been reclassified under Employee benefits expense & Finance costs resp.| (3) Other Income includes income from EPCG, unclaimed balances written back, donations & contributions, scrap sale, income from outlets/in hospital displays etc. | (4) Includes movement in OCI for actuarial valuation impact but excludes ESOP expenses | (5) Net of bad debts recovered & excludes movement in fair value of contingent consideration and amortisation of contract assets which is reflected below Operating EBITDA

MAX Healthcare

Clinical and Research & Academics update

Clinical Update

- Treated a 50 years old female with right side **tubercular empyema** and left-sided **chylothorax** with a **novel technique for ligation of Thoracic Duct**
- **Successfully treated** a 40 year old male with **a large wide neck ruptured Acomm aneurysm** with Neqstent Endosaccular Flow Diverter Assisted Coiling
- Successfully completed rare procedure of **Trans Vascular Endobronchial ultrasound-guided transbronchial needle aspiration (EBUS- TBNA)** in a patient with persistent necrotic isolated Pre Vascular Lymphnode
- **Harvested the vein grafts endoscopically**, using the advanced 3rd generation device, making it possible with just 1-2 cm cut in thigh rather than whole length of leg and thighs
- Successfully **completed rare brain cerebral bypass surgery** in a 67 year old suffering from frequent mini–strokes
- **Removed cyst** in spleen of 6-year-old through **Robotic surgery**
- Successfully cured a **rare case of Arteriovenous Malformation in Posterior Fossa** in a 65-year old female patient
- Completed installation of **Da Vinci XI Robotic system at BLK MAX , Max Smart, Max Mohali**
- MSSH Saket became **India's first centre having 4 surgical robots (including 3 Da Vinci robots) under one roof** for Liver Transplant, Oncosurgery, Urology and MAMBS
- Max Saket achieved a significant milestone of **1000+ Liver Transplants**
- **Established Asthma & Allergy Clinic** to provide specialized treatment with state-of-the-art infrastructure and a dedicated team of **highly qualified doctor** trained from **Harvard Medical School and the National Allergy Centre**

Research and Academics Update

- **National and international publications**
  - **~50 scientific publications** in high impact factor journals during Q1 FY23
  - **Top high Index and high impact factor publications are** from Cardiology, Rheumatology , Internal Medicine, Neurology departments
- **~100 clinical trials** are currently underway across the Network
- **11 ongoing research grants** comprising of 2 International (NIHR and EUBREAST) and 9 national grants
- **Entered into MoU with** Ashoka University to build joint research program on genome analysis and data analytics including AI, ML and deep learning of various genetic and lifestyle diseases
- **Collaborated with Academy of Scientific and Innovative Research (AcSIR)** to start Masters of Public Health (MPH) degree with first batch commencing from Sept '22
- **Initiated a** Post Graduate Diploma in Clinical Research with collaboration of ICRI, ~20 students enrolled in first batch
- **64** students currently enrolled in **Masters in Emergency Medicine (International) course,** being run under the aegis of **George Washington University, USA** since 2008
- **~2,000 students are currently enrolled** across various programs, such as Allied Health internships, MBBS internships, observerships, fellowships, Paramedical Diploma courses, Physician Diploma courses, Life support programs
- **Ongoing IMT program with 33 doctors** enrolled run in affiliation with JRCTB; **10 new fellowships initiated**
- **~100 MBBS students enrolled currently** for a 2 year Clinical rotation in collaboration with Lincoln American University
- **DNB accreditation** for 33 specialities; total strength of DNB residents across Network Hospitals at 443 currently

MAX Healthcare

Covid-19 Update

Covid-19 Update (1/2)

Key contributions* :

Infrastructure support

- ~25 Covid-19 beds occupied on an average during Q1 FY23
- 10,55,000+ RT PCR tests done
- 21,00,000+ Vaccine doses administered

Patients treated

- ~36,200 at hospital
- ~3,000 at home
- ~1,150 at hotels

Research

- 45+ Covid-19 related projects initiated

Community support

- ~3,00,000 free meals served

Our response :

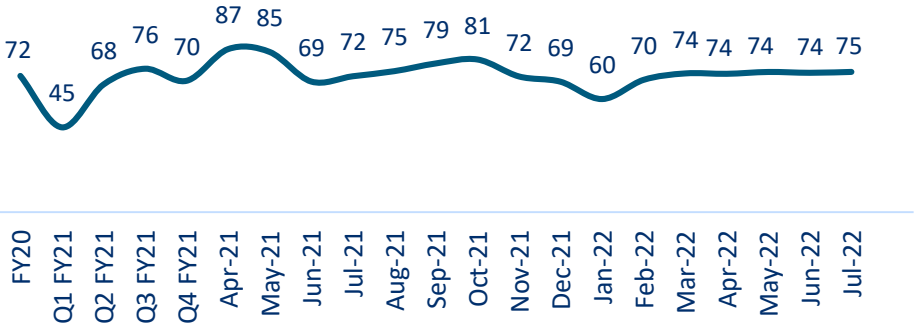
- First private hospital to offer a dedicated facility in Delhi for Covid-19 care
- One of the first private sector labs to start Covid-19 testing
- Operationalised one of the largest Covid-19 vaccination centres across India
  - spread over 1.65 acres; can operate 50 billing and 40 nursing counters
  - capacity to administer ~10,000 vaccine doses in a day
- Inoculated up to ~48,600 individuals in a single day across all the channels combined
- Installed O_2 generators at five Network Hospitals in NCR, thereby reducing dependence on liquid medical oxygen
- First of its kind convalescent plasma therapy trial for critically ill patients
- Set up Covid-19 related medical processes-
  - Formulated detailed clinical protocols for clinical management and infection prevention
  - Created isolation areas for segregation
  - Provided intensive training to frontline medical personnel
- Strengthened digital platforms-
  - ~12,700 video consults during Q1 FY23
  - Developed remote monitoring capabilities, particularly during lockdown

*till July 31, 2022

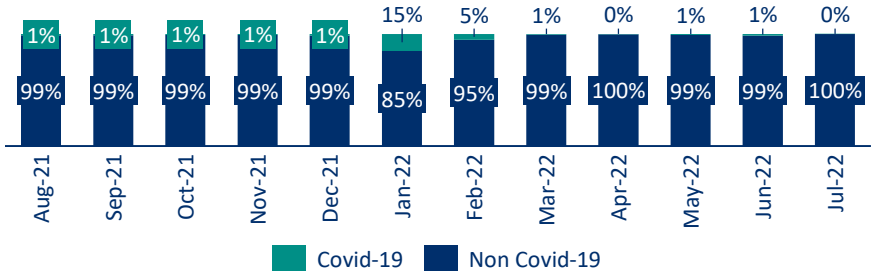
Covid-19 Update (2/2)

- Post sharp fall in occupancies at the start of first wave of Covid-19 in Mar'20, the overall occupancy steadily improved starting Jun'20, as the hospitals started to admit Covid-19 patients
- The first Covid-19 wave peaked in Nov'20; thereafter non-Covid admissions started to stabilise from Jan'21
- Occupancies peaked to 85%+ levels in Apr'21 and May'21 as second wave of Covid-19 hit India, before Covid-19 admissions dropped sharply in Jul'21
- During Aug'21 to Dec'21 period, ~1% of the total occupied beds were being utilised for treatment of Covid-19 patients. This peaked to ~15% during Jan'22 as Covid-19 cases surged during the 3rd wave (Omicron)
- Jan'22 occupancies were lower due to decline in OPD footfalls and overall admissions (both Covid-19 and non-Covid) due to Omicron scare. However, the same started to normalise in the second half of Feb'22
- The proportion of beds occupied by Covid-19 patients reduced to negligible levels starting Apr'22 and remained at such levels throughout Q1 FY23
- Bed capacity allocation towards treating Covid-19 patients was varied in tandem with the rate of Covid-19 admissions and advisory from the regulatory bodies

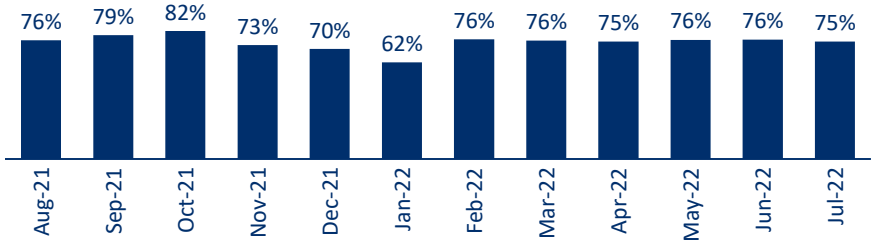
Occupancy (%)



Occupied bed share split



Non Covid-19 occupancy[1]



1) Occupancy calculated on the basis of beds dedicated to non Covid-19 patients for the respective month

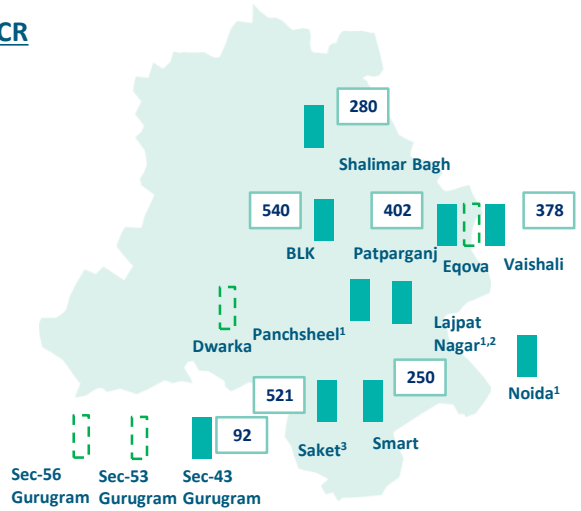
MAX Healthcare

About the Company

Max Healthcare: India's Second Largest* Hospital Chain in terms of revenue, EBITDA and market capitalisation

Current capacity 3,400+ beds

NCR



Outside NCR

Current Max Hospitals and medical centres

Upcoming Max Hospitals

17
Facilities

~85%
Beds in metros

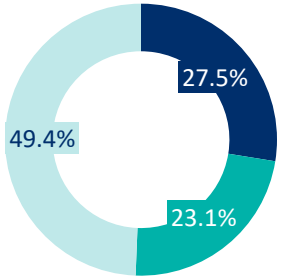
~74%
Occupancy

12%
Revenue CAGR^
3 years

59%
EBITDA CAGR^
3 years

29.8%
Q1 FY23
ROCE

Shareholding structure (as on June 30, 2022)



Top Public investors:

- SBI Multicap Fund
- HDFC Multicap Fund
- Capital Group (All funds)
- Canara Robeco Mutual Fund
- Vanguard (All funds)
- Ward Ferry
- Polar Capital (All funds)
- Government of Singapore / GIC
- Government Pension Fund Global / Norges

Kayak | Abhay Soi | Public & others

* Based on publicly available information for listed companies (FY22)

(1) Standalone speciality clinics with outpatient and day care services | (2) 2 facilities each at these locations | (3) 320 beds in East Block and 201 in West Block

^CAGR is calculated for FY19 to FY22

Vision: To be the Most Well Regarded Healthcare Provider in India

To be the **most well regarded healthcare provider** in India committed to the highest standards of **clinical excellence and patient care** supported by **latest technology and cutting edge research**

- Quaternary care facilities
- Best-in-class clinical outcomes
- Patient centric approach
- Global best practices

- World class infrastructure
- State-of-the-art technology
- Well defined clinical protocols
- Focus on research and academics

- Rewarded by growth
- Constant pursuit to strengthen management
- Collaborative approach

- Strong governance
- Profitable growth
- Healthy balance sheet
- Efficient operations

State-of-the-art infrastructure

Robotics

Advanced robotics provides high precision and enables minimal invasive surgery across multiple specialities such as Oncology, Neurology

TrueBeam Stx LINAC System

Provides a variety of treatment techniques such as HyperArc and RapidArc to address a broad range of cancer cases

Cath Lab – Artis Zee Pure

Artis zee floor-mounted system with a large detector offers excellent performance for an improved clinical workflow with a larger field of view

S8 Navigation with O-Arm

StealthStation™ S8 navigation integrates with the O-arm(opens new window)™ imaging system, replacing intraoperative fluoroscopy with a fluid, 3D-navigated surgical experience

Radixact – TomoTherapy System

Next generation TomoTherapy platform, designed to enable more efficient, effective and precise delivery of radiation to the entire spectrum of cancer indications

Intra OP Portable CT

BodyTom® has the ability to perform axial, helical (CTA), and dynamic scanning, making it ideal for providing multi-departmental imaging solutions

Strong Focus on Research and Academics

Research:

- Significant **strategic partnerships** including Deakin University, Australia and Imperial College London – 30,000+ research participants and 1 million pound research grant
- 1,300+ high index journal **research publications** in last 5 years
- Private **bio bank** - ~20,000 bio samples stored
- Several **research grants** from leading organisations such as CSIR, DBT, ICMR, INSA, etc.
- Researching use of Artificial Intelligence in Radiology with leading international partners
- ~100 on-going clinical **research projects**

Academics:

Max Institute of Medical Excellence (MIME) is the **education division** of MHC for medical education & training

- Approved centre for MRCP PACES exam and host prestigious Royal College of Physicians exam regularly
- Recognised by JRCPTB to deliver post graduate Internal medicine training outside UK
- Conducts Masters in Emergency program in collaboration with George Washington University, USA
- 19,000+ students trained in Life Support programmes in last 5 years
- ~12,000 trainees participate in various training programmes and exams annually
- ~6,000 trainees undergo CMEs, workshops and bespoke trainings annually
- ~500 post graduate students enrolled across 30+ specialities

Note: CSIR - Council of Scientific and Industrial Research; DBT - Department of Biotechnology; ICMR - Indian Council of Medical Research; INSA - Indian National Science Academy; JRCPTB - Joint Royal College of Physicians Training Board

Network Financial performance snapshot

Figs in INR Cr

	FY19		FY20		FY21		FY22	
	Amount	% NR	Amount	% NR	Amount	% NR	Amount	% NR
Gross revenue (incl. movement in unbilled)	3,920		4,356		3,881		5,509	
Net revenue	**3,599**	**100.0%**	**4,023**	**100.0%**	**3,629**	**100.0%**	**5,218**	**100.0%**
Direct costs	1,566	43.5%	1,715	42.6%	1,508	41.6%	2,103	40.3%
Contribution	**2,033**	**56.5%**	**2,308**	**57.4%**	**2,121**	**58.4%**	**3,115**	**59.7%**
Indirect overheads	1,685	46.8%	1,719	42.7%	1,485	40.9%	1,725	33.1%
Operating EBITDA	**348**	**9.7%**	**590**	**14.7%**	**636**	**17.5%**	**1,390**	**26.6%**
ESOP (Equity - settled scheme)	-	-	-	-	27	0.7 %	34	0.7%
Movement in fair value of contingent consideration payable and amortisation of contract assets	19	0.5%	(3)	(0.1%)	1	0.0%	7	0.1%
Transaction Cost including QIP related cost & Loss on fair valuation of pre-merger holding of Radiant under Ind AS 103	30	0.8%	43	1.1%	249	6.9%	-	-
Exceptional item : Payment to employees under VRS[3]	-	-	-	-	-	-	9	0.2%
Reported EBITDA	**299**	**8.3%**	**549**	**13.6%**	**359**	**9.9%**	**1,340**	**25.7%**
Finance costs (net)	155	4.3%	215	5.3%	187	5.2%	112	2.2%
Depreciation and amortisation	186	5.2%	208	5.2%	216	6.0%	248	4.8%
Profit / (Loss) before tax	**(42)**	**(1.2%)**	**126**	**3.1%**	**(45)**	**(1.2%)**	**979**	**18.8%**
Tax	18	0.5%	(3)	(0.1%)	50	1.4%	143	2.7%
Profit / (Loss) after tax	**(60)**	**(1.7%)**	**129**	**3.2%**	**(95)**	**(2.6%)**	**837**	**16.0%**

Note:

1. The numbers for the previous periods have been re-casted and regrouped to match with the disclosure in the current period
2. FY19 financials are pre-IND AS 116 unaudited numbers based on arithmetic total of line items appearing in the pre-merger P&L of Max Healthcare and Radiant Lifecare
3. Voluntary Retirement Scheme (VRS) relates to Nanavati-Max hospital; the scheme closed in Nov'21

Multiple avenues for future growth

Strong cash generation from operations

INR ~ 237 Cr in Q1 FY23

+

Headroom to raise debt given current leverage

~0.2 Net Debt / Operating EBITDA* as on June 30, 2022

+

Demonstrated ability to generate high return on capital employed

~30% ROCE for Q1 FY23

=

Long term growth potential

Strong financial profile to support expansion plans

1

2 Optimising Existing Infrastructure

- Optimise Payor mix
- Increase utilisation
- Focus on tower specialities

3 Significant Increase in Bed Capacity

(>2x bed capacity in next 5-6 years)

3.1 Brownfield

- 2,300 beds addition via brownfield expansion - ROCE accretive

3.2 Asset light

- Management contracts and long term leases of "build to suit" properties – executed O&M agreement for an upcoming 300 bed hospital

3.3 Greenfield

- Greenfield hospitals in highly attractive and compelling territories with attractive payback - Acquired land parcels with potential to add 1,000 beds

3.4 M&A

- Strong track record of successful M&A and turnaround
- Limited competitive intensity and robust deal pipeline
- Adequate headroom for M&A even after brownfield capex, driven by strong free cash flows and low leverage – executed a deal which will add 400 beds to the Network in NCR

4 Capital Light Adjacencies

- Non-captive pathology - Max Lab
- Homecare - Max@Home

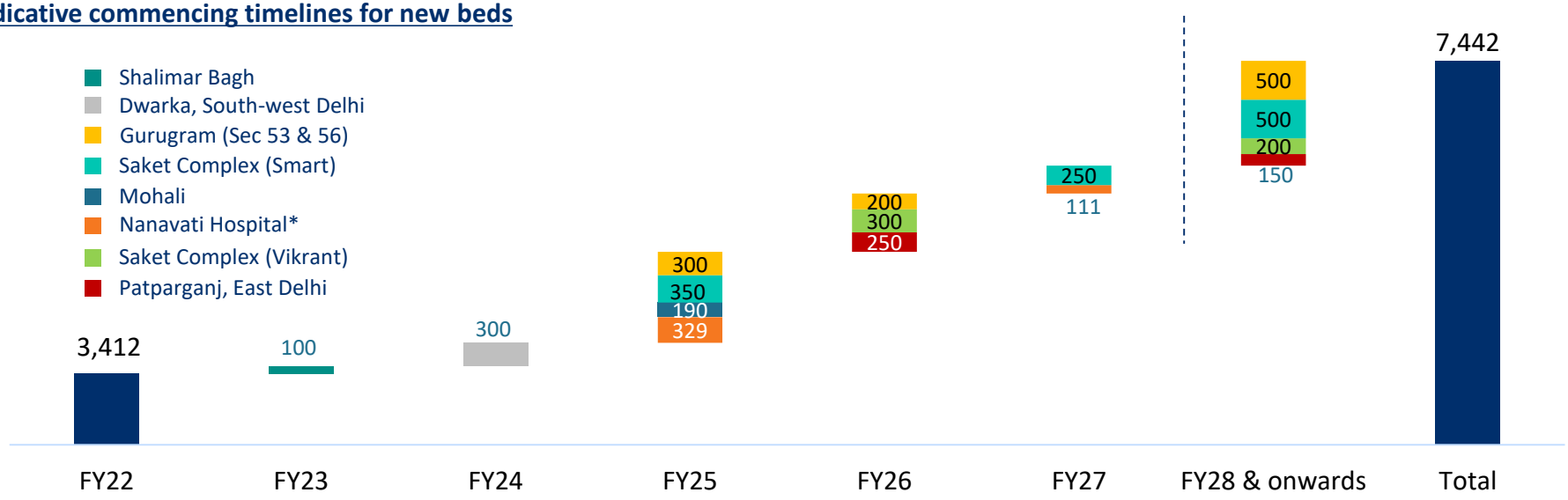
5 Digital Platform

- Leverage brand, customer loyalty and data to build a digital ecosystem

*Rolling 12 months EBITDA

Existing valuable land bank to enable addition of 4,000+ beds, with ~2,800 beds coming in next 5 years

Indicative commencing timelines for new beds



	FY23	FY24	FY25	FY26	FY27	FY28 & onwards
Bed Add.	**100**	**300**	**1,169**	**750**	**521***	**1,350**
Estimated Capex (INR Cr)**	**657**	**935**	**977**	**620**	**355**	**NA**

- **Clear visibility on new bed additions for the next few years based on various projects underway**
- **Actively looking to deploy cash generated from existing operations to meaningfully enhance bed capacity**
  - Potential to add ~600 to ~800 beds every year through internal accruals itself
  - Robust pipeline of potential opportunities to further scale growth

* 160 beds needs to be demolished before commencement of Phase 2 | **Values will be firmed as each project's execution gains momentum

Awards and Accolades

Clinical Safety

- Patient Safety Award by FICCI
- Diamond Award for Stroke Ready Centre by the World Stroke Organisation
- Times Healthcare Achievers Award

- AHPI Healthcare award 2022 under multiple categories

Operational Excellence

- EY Entrepreneur Of The Year 2021 India Award in Business transformation category

- FICCI Excellence Awards for 'Operational Excellence'
- CIMS Healthcare Excellence Awards 2021
- Ranked 1st in "Excellence in Hospital Management during Covid Times " by Economic Times in 2021

Service Quality

- Best customer service in Healthcare

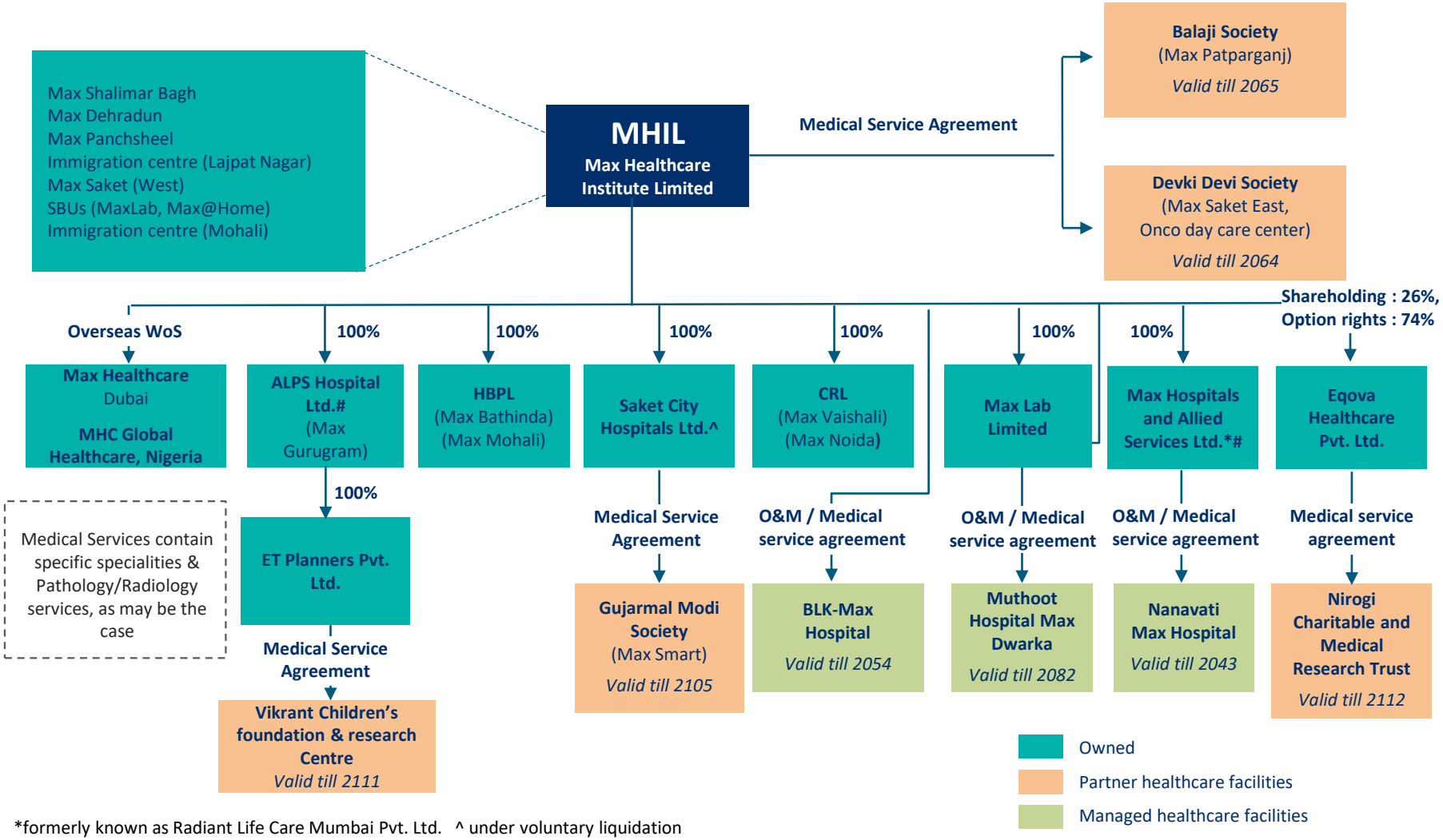
- Bronze award for 'Life savers' project (Max Bike responder) at 'American Society for Quality'
- Ranked amongst the best hospitals in North India (2021) by The Week
- D.L. Shah National Award for 'Economics of Quality' by QCI

Others

- Ranked Best Multi Specialty Hospital in Delhi by Outlook Health 2022
- HIMSS-Elsevier Digital Healthcare Award 2019

- Excellence award at the prestigious International Hospital Federation Awards 2021
- Gold award from Hospital Management Asia

Network Holding Structure
(As on June 30, 2022)



*formerly known as Radiant Life Care Mumbai Pvt. Ltd. ^ under voluntary liquidation

The Board of Directors of Alps Hospitals Ltd and Max Hospitals and Allied Services Ltd have approved a scheme of merger for the two entities and the Board of Saket City Hospital Ltd. has approved a voluntary liquidation for consolidation of the business with MHIL

CRL – Crosslay Remedies Limited; HBPL – Hometrail Buildtech Private Limited.

Validity includes extensions available under the contract

List of Network Healthcare Facilities

Name	Location	Description
Max Super Speciality Hospital, (West Block) Saket	Delhi	Hospital
Max Super Speciality Hospital, (East Block) Saket	Delhi	Hospital
Max Smart Super Speciality Hospital, Saket	Delhi	Hospital
BLK-Max Super Speciality Hospital, Rajendra Place	Delhi	Hospital
Nanavati Max Hospital, Mumbai	Mumbai	Hospital
Max Hospital, Gurugram	Gurugram	Hospital
Max Super Speciality Hospital, Patparganj	Delhi	Hospital
Max Super Speciality Hospital, Vaishali	Ghaziabad	Hospital
Max Super Speciality Hospital, Shalimar Bagh	Delhi	Hospital
Max Super Speciality Hospital, Mohali	Mohali	Hospital
Max Super Speciality Hospital, Bhatinda	Bathinda	Hospital
Max Super Speciality Hospital, Dehradun	Dehradun	Hospital
Max Multi Speciality Centre, Panchsheel Park	Delhi	Medical centre
Max MedCentre, Lajpat Nagar (Immigration Department)	Delhi	Medical centre
Max Institute of Cancer Care, Lajpat Nagar	Delhi	Medical centre
Max Multi Speciality Centre, Noida	Noida	Medical centre
Max MedCentre, Mohali	Mohali	Medical centre

In addition to the above, there are 4 new upcoming Network facilities – one each in East Delhi (Patparganj), North west Delhi (Dwarka), Golf course road - sector 53 Gurugram and sector 56 Gurugram

As on June 30, 2022

Definitions

Term	Description
Gross Revenue	Amount billed to the patients/customers as per contracted/rack rates, as applicable, including the patients from the economically weaker section (EWS) on discharge basis; Also includes movement in unbilled revenue at the end of the period for patients admitted in the hospital on reporting date and other operating income such as SEIS income, EPCG income, unclaimed balances written back, etc.
Net Revenue	Gross revenue minus management discounts, amount billed to EWS patients, employee discounts, marketing discounts and allowance for deductions for expected credit loss.
Contribution	Net revenue minus material cost, F&B cost and salary/professional fess paid to clinicians credentialed for OPD consultations and IPD admissions
Indirect overheads	Major costs include – Personnel costs (excl. clinicians credentialed for OPD consultations and IPD admissions), hospital services, Admin, Provision for doubtful debts, advertisement and allied costs, Power and utilities, Repair and maintenance
Operating EBITDA	Contribution minus indirect overheads, excluding one-off expenses, extraordinary expenses and specific non-cash expenses (itemised separately) which are accrued due to IND AS requirements, but are not operating in nature;
EBITDA per bed	Operating EBITDA divided by occupied bed days, annualised. Excludes EBITDA from Covid-19 vaccination & related antibody tests and Max Lab operations
Cash from operations	Represents cash generated from operations after amount deployed for routine capex, finance cost, payment of taxes and working capital changes relating to operations
ARPOB	Average Revenue per Occupied Bed; Gross revenue divided by the occupied bed days; excludes revenue from Covid-19 vaccination & related antibody tests and Max Lab operations
ALOS	Average Length of Stay; on discharge basis

About Us

Max Healthcare Institute Limited (MHIL) is India's leading provider of healthcare services. It is committed to the highest standards of medical and service excellence, patient care, scientific and medical education.

MHIL has major concentration in north India consisting of a network of 17 healthcare facilities. Out of the total network, eight hospitals and four medical centres are located in Delhi and the NCR and the others are located in the cities of Mumbai, Mohali, Bathinda and Dehradun. Max Network includes all the hospitals and medical centres owned, operated and managed by the Company and its subsidiaries, and partner healthcare facilities. These include state-of-the-art tertiary and quaternary care hospitals at Saket, Patparganj, Vaishali, Rajendra Place, and Shalimar Bagh in NCR Delhi and one each in Mumbai, Mohali, Bathinda and Dehradun, secondary care hospital in Gurgaon and Day Care Centres at Noida, Lajpat Nagar and Panchsheel Park in NCR Delhi and one in Mohali, Punjab. The hospitals in Mohali and Bathinda are under PPP arrangement.

In addition to its core hospital business, MHIL has two SBUs - Max@Home and MaxLab. Max@Home is a platform that provides health and wellness services at home and MaxLab offers diagnostic services to patients outside its network.

For further information, please visit

www.maxhealthcare.in

Contact:

Abhishek Agarwal

Max Healthcare Institute Ltd.

Tel: +91 98998 41175

Email: Abhishek.agarwal22@maxhealthcare.com

Anoop Poojari / Suraj Digawalekar

CDR India

Tel: +91 98330 90434 / 98211 94418

Email: anoop@cdr-india.com, suraj@cdr-india.com