

**Max Financial Services' subsidiary Max Life's Embedded Value Crosses Rs. 10,000 Cr. Mark; Max Financial Services Q3FY20 Consolidated Revenue<sup>1</sup> Grows 19% to Rs. 5,366 Cr.**

***MFS key subsidiary Max Life Insurance 9MFY20 Financial Highlights:***

- Embedded Value at Rs. 10,077 Cr., grows 22% y-o-y; Operating Return on EV (annualised) at 18.4%
- Value of New Business<sup>3</sup> grows 24% to Rs. 576 Cr.
- New Business Margin<sup>4</sup> expands by 60 bps to 21%

***5<sup>th</sup> February 2020, New Delhi***

Max Financial Services Limited (MFS) today announced its financial results for the third quarter of the financial year 2019-20 (Q3FY20). MFS, the holding company of Max Life Insurance (Max Life), India's largest non bank-owned life insurer, reported consolidated revenue of Rs. 5,366 Cr., growing 19% over the previous year while nine months (9MFY20) consolidated revenue stood at Rs. 14,000 Cr., growing 13%. Profits after Tax for Q3FY20 grew at a robust 168% to Rs. 105 Cr. over the previous year while for 9MFY20, it grew at 38% to Rs. 181 Cr., due to one-off gain from successful transition in hedging strategy from Interest Rate Swap (IRS) to Forward Rate Agreement (FRA), aided by higher investment income partly offset by shift in product mix towards NPAR savings and investments in proprietary channels.

Max Life continued its strong performance in Q3FY20, reporting 14% revenue<sup>2</sup> growth to reach Rs. 4,688 Cr. The Shareholders' Profit after Tax for Q3FY20 grew by 92% to Rs. 154 Cr. due to one-off gain from successful transition in hedging strategy from IRS to FRA, aided by higher investment income partly offset by shift in product mix towards NPAR savings and investments in proprietary channels.

In a first, Max Life's Embedded Value (EV) based on market consistent methodology (MCEV) crossed the Rs. 10,000 Cr. mark at Rs. 10,077 Cr., with an Operating Return on EV (annualised) at 18.4%. The Value of New Business (VNB) written during the first nine months of FY20 was Rs. 576 Cr.<sup>3</sup>, growing 24% over the previous year, arising from the shift in product mix towards Non-PAR products. The New Business Margin was 21.0%<sup>4</sup>, increasing 60 bps over last year.

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<sup>1</sup> Consolidated numbers have been reported basis IndAS

<sup>2</sup> Max Life numbers are reported on IGAAP basis and Revenue excludes Unit linked Investment Income

<sup>3</sup> Value of New Business at post-overrun costs

<sup>4</sup> New Business Margin (post-overrun costs)

Individual APE for Q3FY20 stood at Rs. 1,000 Cr., increasing 16% over the past year, driven by growth in proprietary and bancassurance channels, while other channels too continued to deliver robust sales. Max Life's Proprietary channel recorded sales of Rs. 309 Cr. in Q3FY20, growing 19% over the previous year and continued to grow faster than the Banca channel growth of 14%.

Max Life's Assets under Management as of December 31, 2019 were Rs. 68,618 Cr., 18% higher than the previous year.

Max Life outperformed the Indian private life insurance industry (16% growth) by 4% in 9MFY20.

Commenting on the financial performance, **Mr. Mohit Talwar, Vice Chairman, Max Group & Managing Director, Max Financial Services**, said, "Max Life continues to tread on the trajectory of outstanding financial performance. Not only has it surpassed expectations on most financial metrics, it has outpaced the private Life Insurance industry growth by 4% in the first nine months of the current financial year.

Due to its strong focus on creating a comprehensive channel mix, Max Life was able to add eight partners for our individual and group business in the third quarter of FY2020.

Going forward, we will continue our focus on growing the protection business, seamlessly executing the agency excellence program in tandem with New York Life consultants, and further enhancing our business development endeavours."

#### **Note to the Editor**

*The EV of a life insurance company comprises two key elements — a) Net Asset Value or the Net Worth of the company, which represents the market value of the company's assets attributable to the shareholders, and b) the Present Value of the company's future expected profits from its existing business portfolio as at the date of valuation.*

*Max Life had transitioned its EV calculation to a Market Consistent methodology from the earlier traditional approach (Traditional Embedded Value – TEV) in FY2015. This follows market practice in developed markets, where life insurers have moved to adopt market consistent methodologies.*

*A market consistent methodology approach better reflects the embedded value of an insurance company by explicitly and specifically allowing for insurance and economic risks rather than*

*using an implicit overall allowance for risks through a Risk Discount Rate (RDR) in the traditional approach. In addition, the market-consistent approach is more objective where asset and liability cash flows are valued using assumptions consistent with those applied to similar cash flows in the capital markets, thus more accurately reflecting the health of the business.*

## **About Max Group**

The Max Group is a leading Indian multi-business conglomerate with a commanding presence in the Life Insurance and Healthcare industry. It has ventured into high potential sectors – Senior Living and Real Estate. In FY2019, the Group recorded consolidated revenue of Rs. 22,150 Cr. It has a total customer base of 11 million, over 350 offices spread across India and employee strength of more than 27,500 as on 31st March 2019. The Group's investor base includes marquee global financial institutions such as New York Life, KKR, IFC Washington, Vanguard, Ward Ferry, Briarwood Capital, Nomura, Aberdeen, First State Investments, First Voyager, Eastspring, Target Asset Management, Baron, Jupiter and Doric Capital.

The Max Group comprises three holding companies, namely Max Financial Services, Max India and Max Ventures & Industries.

## **About Max Financial Services Limited**

Max Financial Services Limited (MFS), a part of the leading Indian multi-business conglomerate 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.

## **About Max Life Insurance**

Max Life Insurance offers comprehensive long-term savings, protection and retirement solutions through its high-quality agency distribution and multi-channel distribution partners. A financially stable company with a strong track record over the last 17 years, Max Life Insurance offers superior investment expertise. Max Life Insurance has the vision 'To be the most admired life insurance company by securing the financial future of our customers'. The company has a strong customer-centric approach focused on advice-based sales and quality service delivered through its superior human capital.

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