

Max Financial Services announces Embedded Value (EV) for Max Life at Rs. 6,946 Cr.*; Return on EV (RoEV): 17%

H1 FY2018 Highlights:

- *Value of New Business: Rs. 204 Cr, grew 16%*
- *Max Life Individual Adjusted Sales: Rs. 1,112 Cr., grew 19%*

13th November 2017, New Delhi

Max Financial Services Limited (MFS) today announced the **Embedded Value (EV)** for its life insurance business, **Max Life**, at **Rs. 6,946 Cr.** as at 30th September 2017, based on Market Consistent methodology. The annualised growth in EV in the first half of FY2018 (H1 FY2018) was an impressive 17%.

The **Value of New Business (VNB)** written during H1 FY2018 was **Rs 204 Cr.**, growing 16% over the corresponding period last year. The New Business Margin during this period was a strong 18%.

For the quarter ended 30th September 2017 (Q2 FY2018), Max Life reported **Individual Adjusted Sales** of **Rs. 654 Cr.** growing 18% over the previous year. During H1, they grew 19% to **Rs. 1,112 Cr.**

MFS reported consolidated revenues of Rs. 3,435 Cr. in Q2, growing 12% over the previous year and Rs. 6,002 Cr. in H1 FY2018, growing 13% over the same period last year.

Commenting on the priorities for Max Life, **Mr. Rahul Khosla, President, Max Group and Chairman, Max Life** said, *"With the potential merger with HDFC Life behind us, our focus has firmly shifted to aggressively pursuing profitable growth through investments in our proprietary channels such as agency and digital, enhancing policyholder experience, leveraging our strong bancassurance partnerships and forging new distribution alliances. We have renewed our focus to strengthen our franchise by evaluating acquisition opportunities that have started to emerge in the insurance space."*

Mr. Mohit Talwar, Managing Director, MFS said, *"The best-in-decade performance that we witnessed in FY2017, continues in the first half of FY2018. The quality of the business across various vectors remains top quartile. The robust growth in Embedded Value and Value of New Business reflects strong fundamentals in the existing business and a continued focus on profitable new business. All our channels are delivering a profitable growth powered by improved productivity. We have a balanced product mix with increasing contribution from protection products, which differentiates us from several of our competitors whose products are heavily skewed towards equity-linked products or are growing through cost-overruns."*

** as at 30th Sep. 2017*

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, Health & Allied businesses and packaging sectors. In FY2017, the Group recorded consolidated revenues of Rs. 16,798 Cr. It has a total customer base of 9 million, nearly 240 offices spread across India and people strength of 22,500 as on 31st March 2017. The Group's investor base includes marquee global financial institutions such as Goldman Sachs, KKR, IFC Washington, Vanguard, Ward Ferry, New York Life, Morgan Stanley, Nomura, Temasek and Wasatch .

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 US\$ 3 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.

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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