

**MAX FINANCIAL SERVICES H1FY20 CONSOLIDATED REVENUE¹ GROWS 10% TO RS. 8,635 CR.;
MAX LIFE REPORTS STRONG GROWTH IN SALES, VALUE OF NEW BUSINESS AND MARGIN**

MFS key subsidiary Max Life Insurance H1FY20 Financial Highlights:

- Embedded Value grows to Rs. 9,745 Cr., grow 26% y-o-y; Operating Return on EV (annualised) at 18.3%
- Value of New Business grows 25% to Rs. 364 Cr.
- New Business Margin expands by 170 bps to 24.6%
- Individual adjusted sales grow 22% to Rs. 1,717 Cr.

6th November 2019, New Delhi

Max Financial Services Limited (MFS) today announced its financial results for the quarter and half year ended September 30, 2019. MFS, the holding company of Max Life Insurance (Max Life), India's largest non bank-owned life insurer, reported consolidated revenues of Rs. 8,635 Cr.² for H1FY20, growing 10% over the previous year. MFS PAT for the period was at Rs. 119 Cr., down 25% over the previous year due to shift in product mix towards Non-Participating (Non-PAR) products and investments in proprietary channels.

MFS' sole operating subsidiary Max Life continued its strong performance in H1FY20, reporting revenues³ of Rs. 8,216 Cr., growing 15%. The Value of New Business (VNB) written during H1FY20 is Rs. 364 Cr.⁴, growing 25% over the previous year, as a result of shift in the product mix towards Non-PAR business while the New Business Margin was 24.6%⁵. The business also reported its Embedded Value (EV) based on market consistent methodology (MCEV) at Rs. 9,745 Cr., with an Operating Return on EV (annualised) at 18.3%.

Individual adjusted sales stood at Rs. 1,717 Cr., growing 22% over the past year, driven by growth in proprietary and bancassurance channels.

Max Life's focus on proprietary channel continued to show stellar results. The channel's sales grew 18% to Rs. 577 Cr. in H1FY20 and grew 22% to Rs. 349 Cr. in Q2FY20.

¹ Consolidated numbers have been reported basis IndAS

² MFS Revenue, EBITDA & PBT excludes MLIC Dividend Income of Rs 190 Cr in H1FY20 since it is an inter-company transaction

³ Max Life numbers are reported on IGAAP basis and Revenue excludes Unit linked Investment Income

⁴ Value of New Business at post-overrun costs

⁵ New Business Margin at structural costs

Max Life's Assets under Management at Sep'19 end were Rs. 65,425 Cr., 17% higher than the previous year, led by growth of 19% in controlled fund and 12% in UL fund. Shareholders' profit before tax was at Rs. 170 Cr., 39% lower than last year due to increase in Non-PAR business and investments in future growth

Industry-wise, the Life Insurance industry grew by 11% in H1FY20 while the private life insurance sector grew by 16%.

Commenting on the financial performance, Mr. Mohit Talwar, Vice Chairman, Max Group & Managing Director, Max Financial Services, said, "Max Life has delivered on most of its financial parameters in H1FY20. Max Life outperformed the private industry growth by over 6% in the first half of the financial year. Going forward, our focus will be on strengthening the protection business, enhancing current products, successful execution of the agency excellence program with New York Life consultants as well as consistent business development efforts."

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, Healthcare and Health Insurance industry. It has now 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, New York Life, 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 US\$ 3.2 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.

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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