Quirónsalud Overview

Héctor Ciria – CEO Quirónsalud

8 June 2018

The Best of Both Worlds

Key Take-Aways

- Leading hospital group in Spain
- Spanish market offers diverse range of financing models
- Multiple opportunities for growth
- Top priorities are medical quality, patient experience and digital transformation

Agenda

Quirónsalud Management Team

Today's speakers

Víctor Madera
Chairman
(non-executive)

Héctor Ciria
CEO

5 support areas

Miguel Mascaró
Finance & Control (CFO)

Adolfo Fdez. Valmayor
IT & Digital Transformation

Juan Carlos González
Talent & Organization

Julio Fdez Llamazares
Communication

Leticia Moral
Quality & Innovation

3 operating areas ("COOs")

Pedro Rico
Private Hospitals

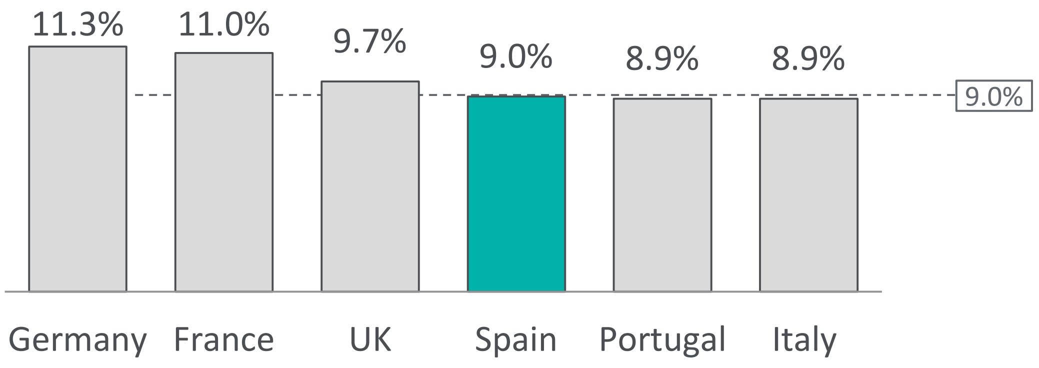
Juan Antonio Álvaro
Public Hospitals Madrid

Fernando Camino
Occupational Risk
Prevention (ORP)

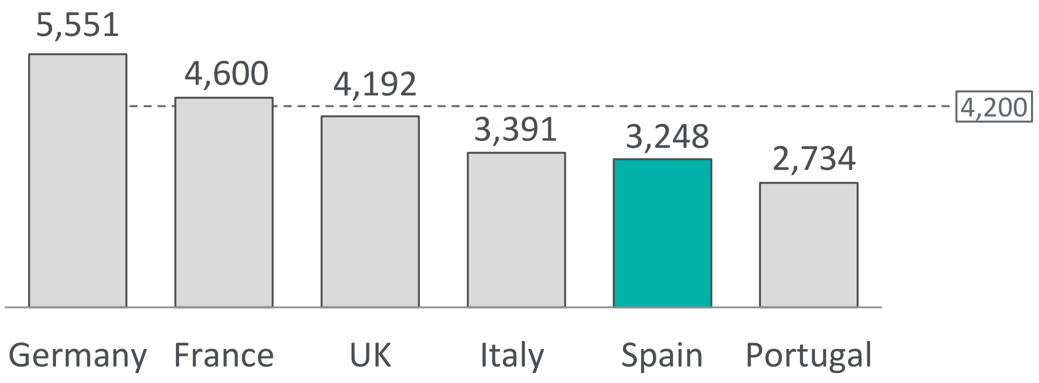
Agenda

Spain vs. European Peers

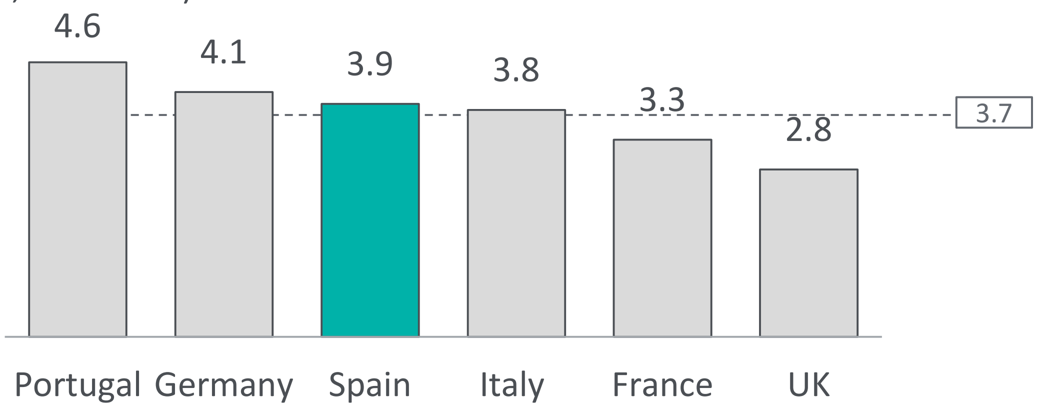
Total health care expenditure
(% of GDP)



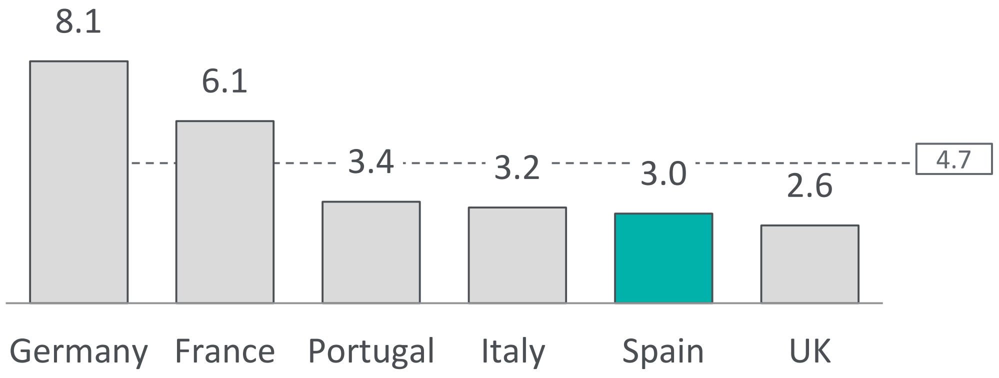
Total health care expenditure
(US$ PPP per capita)



Physicians density
(x 1,000 inhab.)



Hospital beds density
(x 1,000 inhab.)



Source: OECD 2017, based on data from 2015 and 2016

Spanish Health Care System Snapshot

Public System	Universal coverage (100% population) 47 million users	For free No copayments Financed with taxes	70% of total expenditure
Private System	Duplicative 10 million insured (~20% of population)	Paid by users ~€770/year per user	30% of total expenditure

Private system supports public system by releasing resources

Why pay for private insurance?

- Shorter waiting times
- Direct access to specialist doctor
- Freedom to choose doctor
- Comfortable hotel services (e.g. single room)

Source: Ministerio de Sanidad y Consumo, IDIS, DBK, Company Internal Estimates

Care Delivery Market in Spain Amounts to ~€60bn

Spain GDP '17 €1.2 trillion

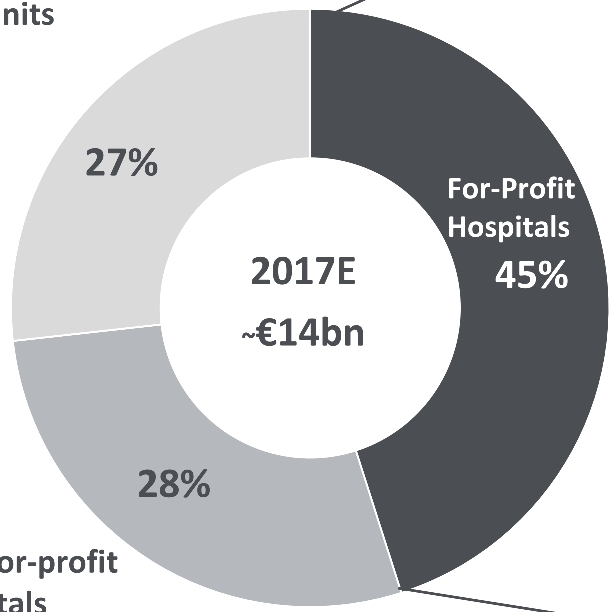
Total health care expenditure '17E ~€100bn

Care Delivery Market ~€60bn

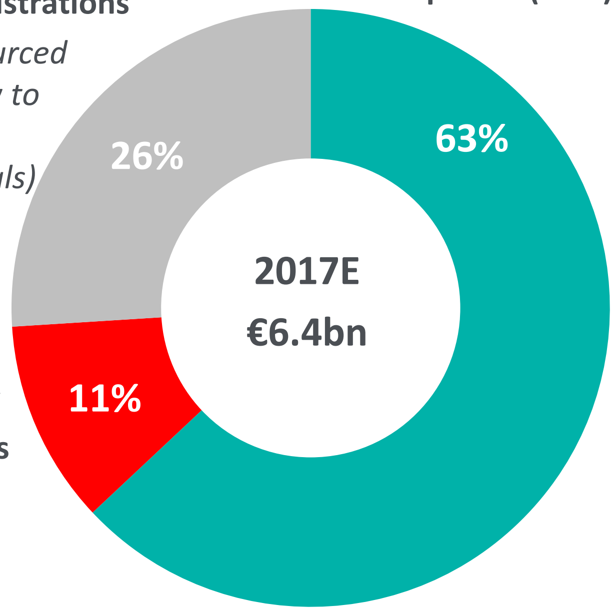
Public Network: >€45bn
- Primary Care
- 286 Public acute hospitals* (including some PPP contracts)
  - 5 hospitals quirónsalud

Private Network: ~€14bn
- Outpatient medical centers
- 290 acute hospitals*
  - 39 hospitals quirónsalud

Private Network



For-Profit Private Hospitals, Sales by Payor



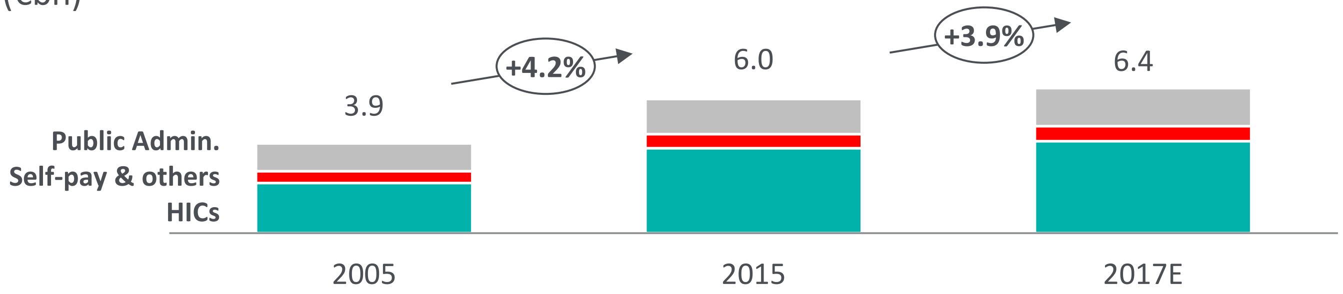
Excluding Occupational Risk Prevention (ORP)

* Excludes geriatric and psychiatric hospitals, rehabilitation hospitals, etc. If those are added, total number of hospitals in the Public Network amounts to 355, and in the Private Network to 444

Source: Ministerio de Sanidad y Consumo, CNH 2017, IDIS, Company Internal Estimates

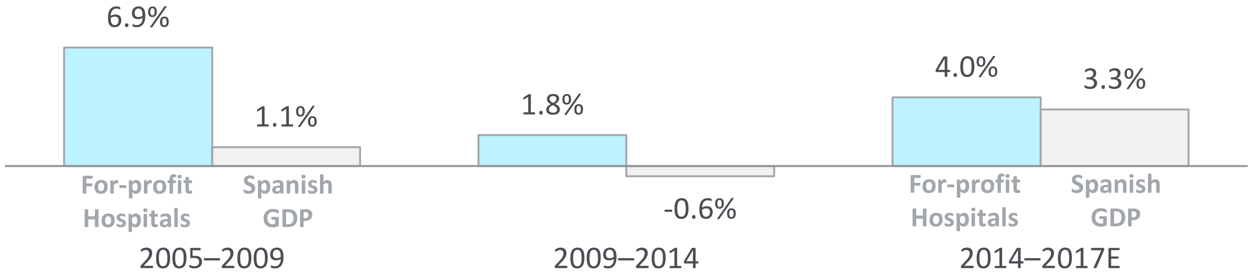
Spanish For-Profit Private Hospitals Growth

For-Profit Private Hospital Market
(€bn)



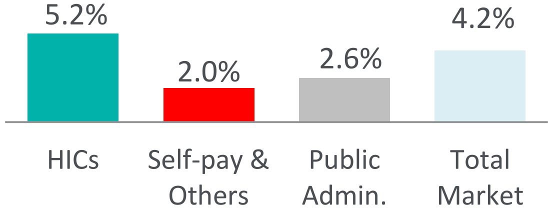
4% CAGR historically
Expected to continue growing at 3%–4% p.a.

Private hospital market vs. Spanish GDP growth

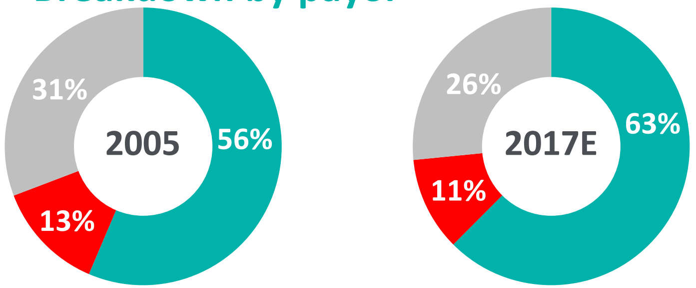


Sector growth above GDP in all economic cycles

Sales CAGR 2005-2017E



Breakdown by payor



Growth fueled by Health Insurance Companies (HICs)

Source: OECD 2015, IDIS, DBK, Company Internal Estimates

Agenda

Quirónsalud Group Snapshot

#1 hospital group in Spain

~ **€2.8bn** sales in 2017, **+10%** vs ‘16 (+6% organic)

>**100** health care centers, including **45** hospitals with c.**7,000** beds

~ **40,000** employees

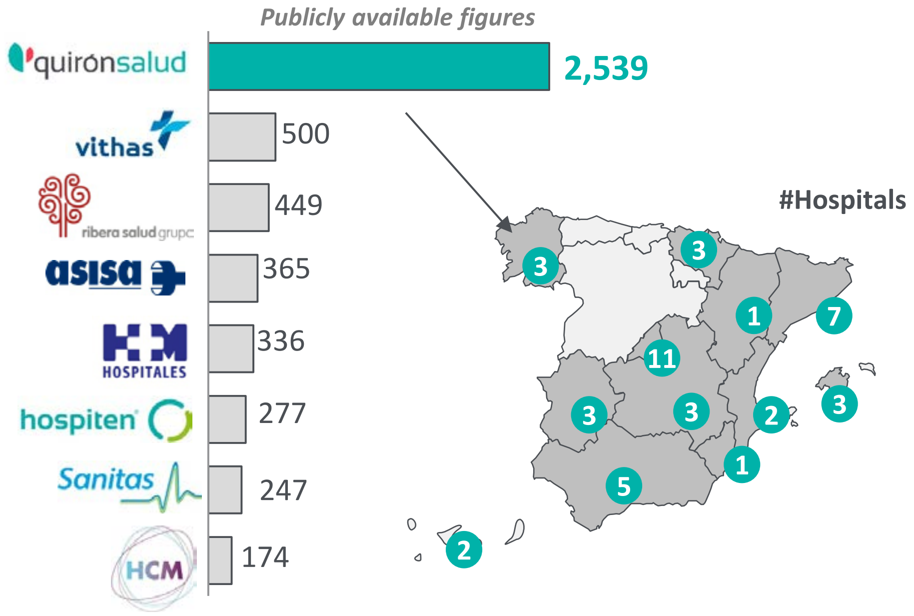
Over **300** ORP centers, direct access to **5 million** workers

Strong commitment to **quality**, **education** and **innovation**

Already present in **LatAm**

Largest Spanish hospital operator

(2016 Sales in €million)



Source: annual accounts, internal analysis, press releases

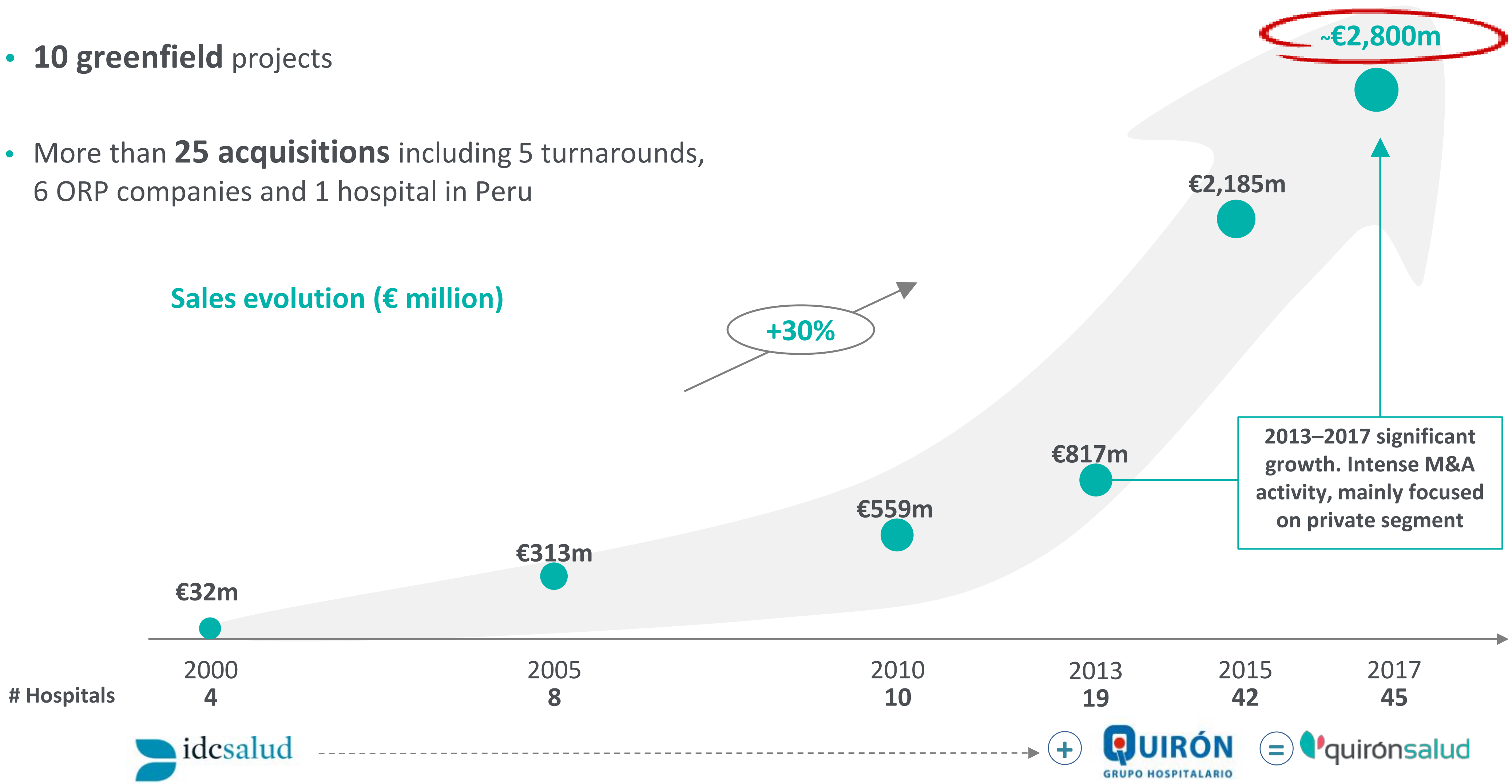
Quirónsalud Group KPIs

	2017	Total Growth YoY*
Outpatient consultancies	8.6 million	+12%
Emergencies	2.6 million	+8%
Inpatient		
Patient Days	1.5 million	+5%
Discharges	350 thousand	+5%
Avg. Length of Stay	4.3 days	–
Occupation rate	62%	+ 1 p.p.
Surgeries	400 thousand	+8%

* Includes organic and inorganic growth

A History of Growth

- Sustained **organic growth**, above market
- **10 greenfield** projects
- More than **25 acquisitions** including 5 turnarounds, 6 ORP companies and 1 hospital in Peru



Over the Last 4 Years, M&A Has Played a Transformational Role

20 acquisitions between 2014–2017...

1 **Creation of Spanish market leader (#1 Group acquired #2)**

idcsalud + QUIRÓN GRUPO HOSPITALARIO = quirónsalud

2 **Acquisition of prestigious hospitals in local markets**

Illustrative

3 **Creation of market leader in ORP sector**

Fraternidad Muprespa PREVENCIÓN | Sociedad de Prevención de FREMAP | unipresalud | MC PREVENCIÓN | Medycsa | Servicio Balear de Prevención

quirónprevención

... with significant value creation

About **€100m** of annual synergies, most of them already realized and in a steady state

Mainly coming from...

- Procurement
- Internalization of services (laboratory, cleaning, catering, etc)
- ORP network rationalization
- Headquarters

Development of Permanent Improvement Program

Our People

More than **32,000** employees and **8,000** mercantile doctors

75% female and **74%** indefinite contracts

Among **Top 10 employers** in Spain

Unifying cultures after 20 acquisitions in the last 4 years

Quirónsalud Campus corporate university





quirónsalud campus
conocimiento e innovación


Prestigious Hospitals in Every Large Spanish City

Top 10 Spanish provinces

Province	Population (million)		Quirónsalud # hospitals
Madrid	6.5		11
Barcelona	5.6		7
Valencia	2.5		1
Sevilla	1.9		2
Alicante	1.8		1
Málaga	1.6		2
Murcia	1.5		1
Vizcaya	1.1		1
La Coruña	1.1		1
I. Baleares	1.1		3

Celebrities at Quirónsalud

Ruber
HOSPITAL RUBER INTERNACIONAL
Grupo quirónsalud

Hospital Universitario quirónsalud
Madrid

Hospital Universitari Dexeus
Grupo quirónsalud

Hospital Universitari General de Catalunya
Grupo quirónsalud

CENTRO MÉDICO TEKNON
Grupo quirónsalud

Management Priority on Quality and Patient Experience

Top quality standards and certifications

EFQM Committed to excellence

COMPROMISO EXCELENCIA EUROPEA | EXCELENCIA EUROPEA 300+ PUNTOS EFQM | EXCELENCIA EUROPEA 400+ PUNTOS EFQM | EXCELENCIA EUROPEA 500+ PUNTOS EFQM

La Fundación Jiménez Díaz recibe el sello de calidad EFMQ 5 Star 650+ por su excelente gestión

21 de mayo 2018

#1

Accredited by The Joint Commission

CM Teknon

Focus on patient experience

Collaboration with Cleveland Clinic

Cleveland Clinic

Continuous monitoring of NPS

0	1	2	3	4	5	6	7	8	9	10
DETRACTORS							PASSIVES		PROMOTERS	

International Seminar on Patient Safety and Clinical Excellence, 5th edition in May 2018

5th International Seminar on Patient Safety and Clinical Excellence

Embracing the New Digital Opportunities

Internal Developments

Processes standardization
(Efficiency & Quality)

Patient experience

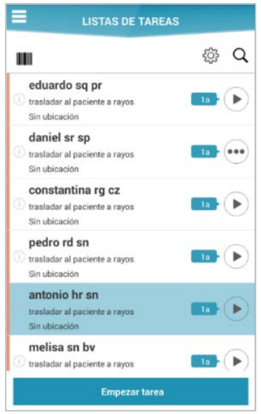
Growth opportunities

Human talent

Care Management System (Casiopea)

Fully integrated health care system with doctors …

… porters, nurses…



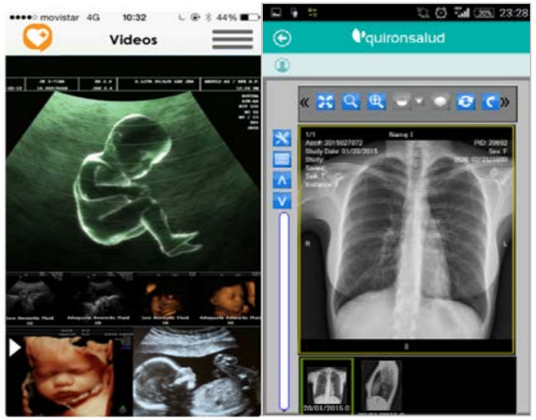
… and management

Patient Portal (app & web)

- Started in Q4 2016
- +700,000 patients registered
- +1 million appointments
- ~10% of Quirónsalud's total outpatient consultations

Online appointment

Access to medical records



Equipped with the Latest Technology

Cutting-edge high-tech equipment

86 MRIs

60 Multi-sliced CT scans

23 Linear accelerators

12 PET-CTs

5 Da Vinci surgical robots

4 SPECT-TCs

1 Gamma Knife

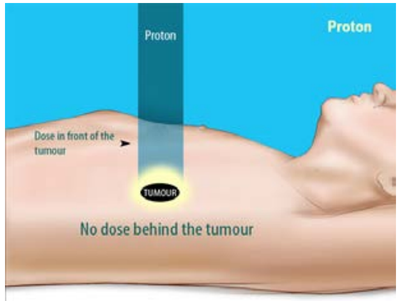
1 Cyber Knife






1st proton beam therapy center in Spain, to be opened in Q4 2019





Agenda

Quirónsalud Group Structure & Business Units

Simplified

quirónsalud

Hospitals

quirónsalud

Fundación Jiménez Díaz | Hospital Ruber Internacional | Centro Médico Teknon

- Health care services
- 45 hospitals, 81 medical centers
- Real Estate owned in 30 hospitals

ORPs

quirónprevención

- Health & Safety at workplace
- Over 300 centers
- 5 million workers covered

Transversal Units (internal services)

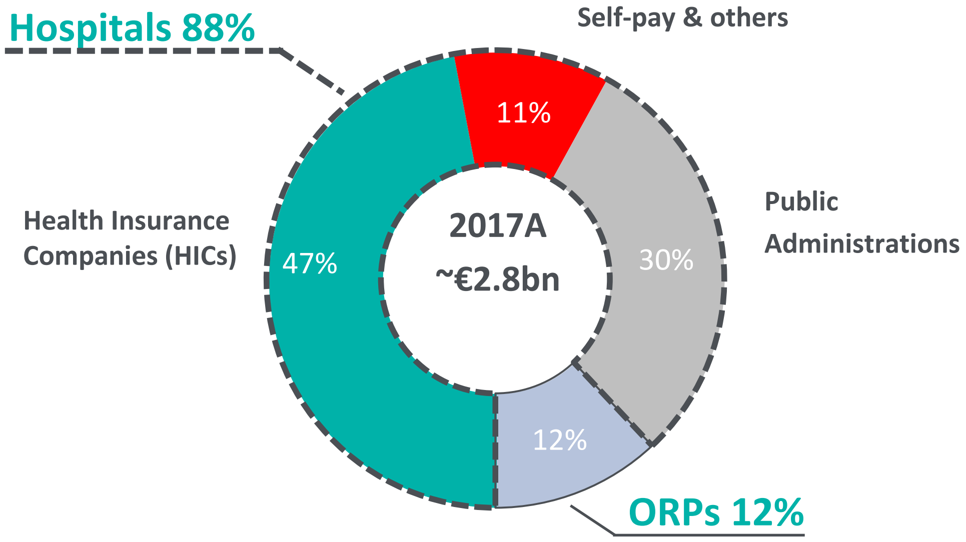
Health Diagnostic

- Laboratory
- Radiology
- Pathology

bepers

- Non-health care services (cleaning, kitchen, cafeteria, maintenance, etc.)
- Central procurement unit
- IT & call center

Sales Breakdown

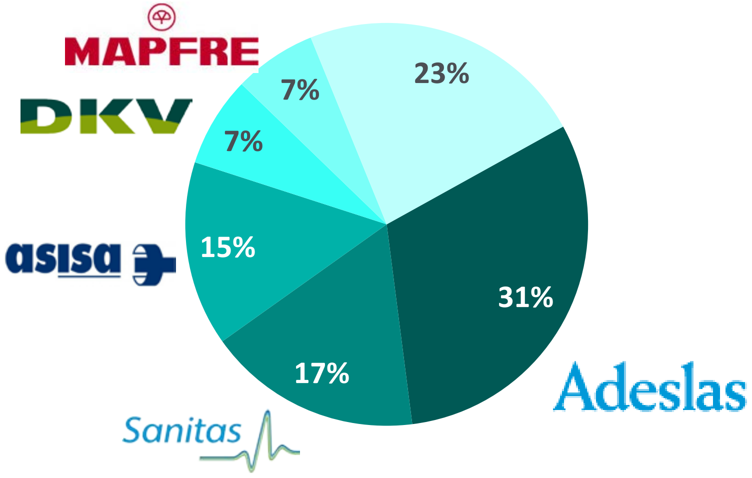


Hospital Private Activity

HICs

- Quirónsalud has agreements with all relevant HICs
- 90% national and 10% international
- National HICs
  - Market growth at 4–5% p.a.
  - Top 5 control close to 80% of market
  - Quirónsalud has improved its positioning vis-à-vis HICs, establishing recurrent win-win relationships
- International HICs cover the travel segment and medical tourism

HICs market share 2017



Source: ICEA

Self-pay

- Prestige and quality
- Activity is generated from
  - Highly reputed specialists offering private services only
  - Patients without private health insurance
  - Treatments not covered by insurance plans (plastic surgery, fertility)

Ruber Internacional (Madrid)

CM Teknon (Barcelona)

Quirónsalud Madrid

Quirónsalud Marbella

Hospital Public Activity – General Overview

Long-Term Contracts

- 5 hospitals: 4 in Madrid and 1 in Catalonia
- Stable and secure contracts
  - Terms: 30 years in Madrid, 10 in Catalonia
  - Expiration dates in Madrid 2036-2041
  - Tariffs adjusted by CPI
- Hospitals integrated in public network with assigned population area
- Revenue model: (i) capitation fee or (ii) DRG /Activity

SaludMadrid

CatSalut

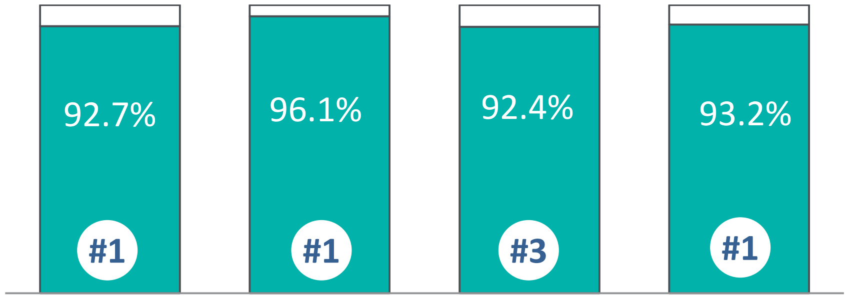
Short-Term Contracts

- Outsourced activity to private players, typically to reduce surgical waiting lists
- Variable length of contracts (typically 2–5 years)
- More than 10 Quirónsalud hospitals, broad geographical distribution

Hospital Public Activity – Patient Satisfaction in Madrid

2017 Patient Satisfaction Survey in Madrid

SaludMadrid



Quirónsalud	FJD	Hosp. Villalba	Hosp. Rey Juan Carlos	Hosp. Infanta Elena
Complexity	Group III	Group II		Group I
# Hospitals	8	13		6

Evolution of Quirónsalud hospitals in satisfaction rankings

		2010	2011	2012	2013	2014	2015	2016	2017
Group III	FJD	1	2	1	1	1	1	1	1
Group II	Hosp. Villalba	-	-	-	-	-	1	2	1
	Hosp. Rey Juan Carlos	-	-	1	1	1	2	1	3
Group I	Hosp. Infanta Elena	2	1	2	1	2	1	2	1

Quirónsalud hospitals consistently lead the user satisfaction rankings in Madrid's public system

Source: Servicio Madrileño de Salud

ORP Business Unit

Publicly available figures

Leader in a ~€1.3bn market

Main Groups	quirónprevención	Cualtis	ASPY Salud	Grupo Preving	MAS Prevención Servicio de Prevención
Rank by Sales	#1	#2	#3	#4	#5
ORP Centers (approx.)	300	130	200	200	60

Growth & synergies in the ORP sector

- Sector is growing thanks to **positive cycle**
- Further expected **synergies**

	2016	2017	2018E
Spain GDP growth	3.3%	3.1%	2.7%
Unemployment rate	19%	17%	15%

Large potential for hospital growth (cross-referral)

- **5 million** workers covered
- **2 million** medical checkups per year
- **300** ORP centers network
- **New services** contracted with Quirónsalud: laboratory, imaging, etc.
- **Direct dialog** with largest Spanish corporates (Ibex 35)

Source: annual accounts, internal analysis, Aspren, press releases

Agenda

Integration with Fresenius Helios on Track, Promising Start

Agenda

Organic Growth in all Segments

Positive macro trends ...

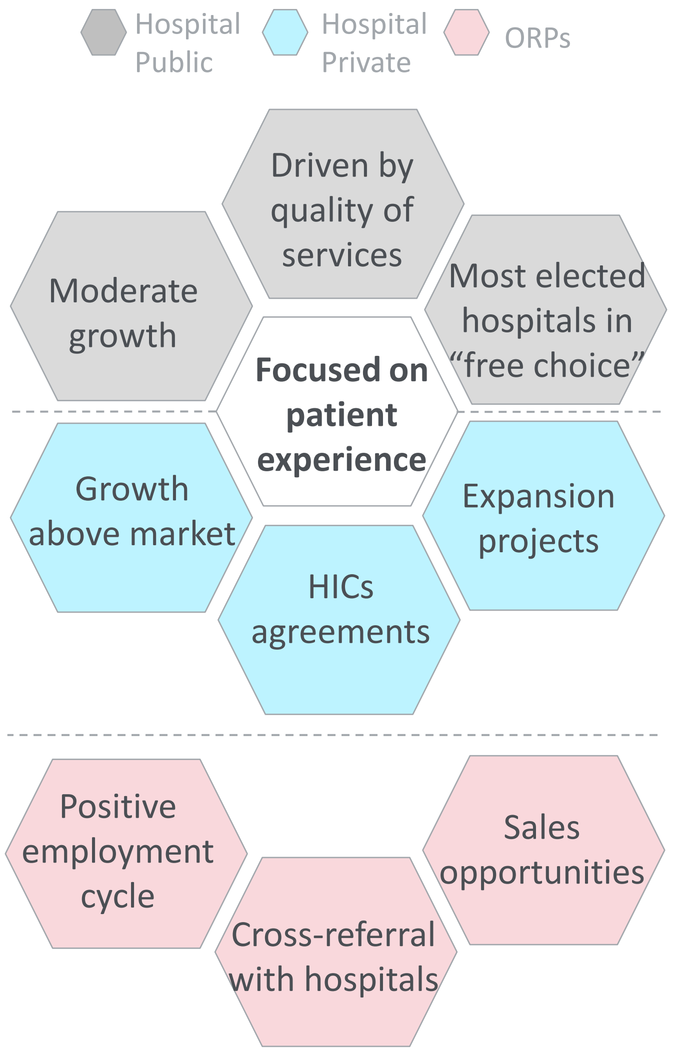
- Spain is leading growth in EU
  - **+2.7%** GDP ’18E growth
  - **Reducing unemployment**

REUTERS

Spain raises 2018 growth forecast to 2.7 pct of GDP

- Private hospital market to grow at **3–4%,** outperforming Spanish GDP

Top line growth in all units ...



Various efficiency levers ...

- Internalization of services (Transversal Units)

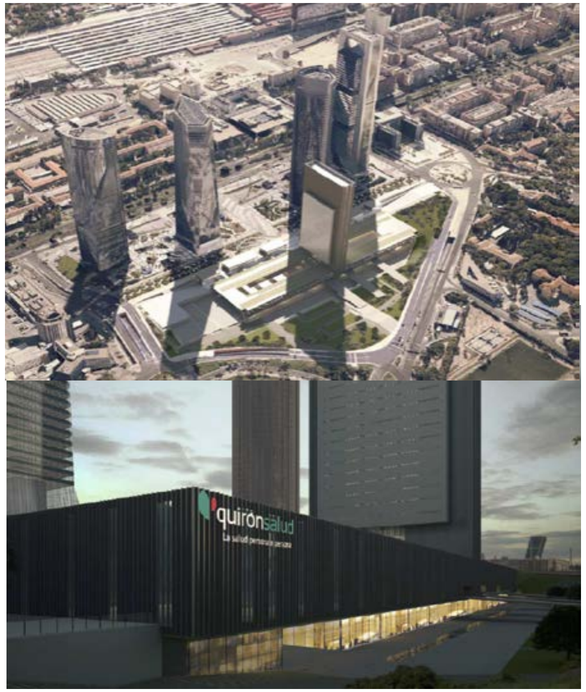
HD Health Diagnostic → Laboratory

bepers → Kitchen, Cleaning

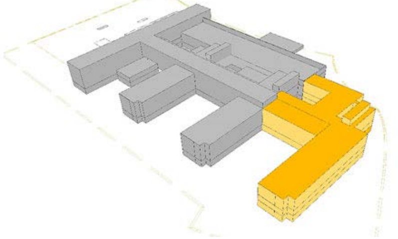
- Corporate projects
  - Shared services centers
  - IT systems convergence
  - Revenue assurance program
- Permanent operational improvement program

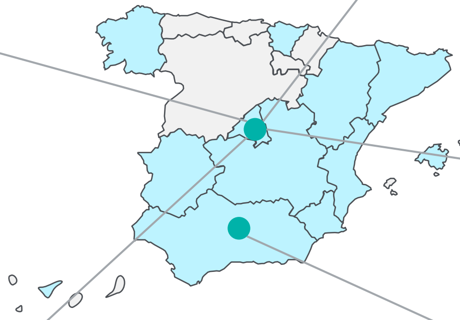
New Greenfield Centers – 5 Openings Within the Next 3 Years

Torre Vida Project (2020)



Quirónsalud Madrid new hospitalization building (2018-2019)





Alcalá de Henares Hospital (2020)

Proton Therapy Center (2019)

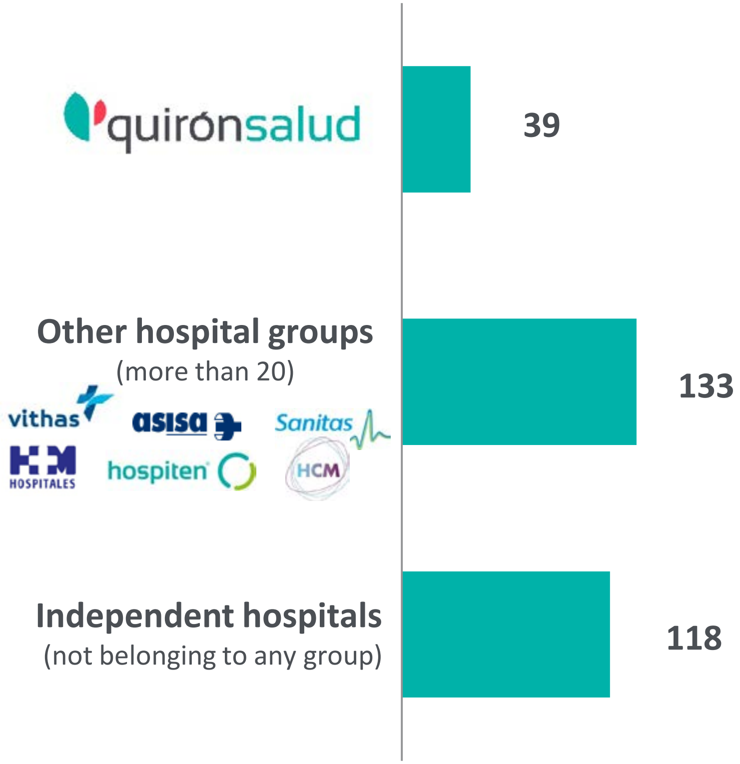
Córdoba Hospital (2018)

Inorganic – Further M&A Opportunities

Spain

Selective opportunities in a still fragmented private market

 # Acute hospitals in private network



Source: CNH 2017

LatAm

Analyzing opportunities in growing markets

- Present in Peru since Jan ’17
  - Positive performance in our 1st year. Above expectations
- Some countries in Latin America could be attractive
  - Improving regulatory and institutional conditions
  - Relevant market sizes, with growth potential
  - Opportunities for market consolidation

quirónsalud

La salud persona a persona