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

01 Management Team
02 Spanish Hospital Market
03 Quirónsalud Group Overview
04 Growth for the Next Years
Quirónsalud Management Team

5 support areas

- Miguel Mascaró
  Finance & Control (CFO)

- Juan Carlos González
  Talent & Organization

- Leticia Moral
  Quality & Innovation

3 operating areas (“COOs”)

- Adolfo Fdez. Valmayor
  IT & Digital Transformation

- Pedro Rico
  Private Hospitals

- Fernando Camino
  Occupational Risk Prevention (ORP)

- Héctor Ciria
  CEO

- Victor Madera
  Chairman
  (non-executive)

- Julio Fdez Llamazares
  Communication

- Juan Antonio Álvaro
  Public Hospitals Madrid

Today’s speakers
Agenda

01 Management Team

02 Spanish Hospital Market

03 Quirónsalud Group Overview

04 Growth for the Next Years
Spain vs. European Peers

**Total health care expenditure**

(% of GDP)

<table>
<thead>
<tr>
<th>Country</th>
<th>Germany</th>
<th>France</th>
<th>UK</th>
<th>Spain</th>
<th>Portugal</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>% GDP</td>
<td>11.3%</td>
<td>11.0%</td>
<td>9.7%</td>
<td>9.0%</td>
<td>8.9%</td>
<td>8.9%</td>
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</tbody>
</table>

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

**Total health care expenditure**

(US$ PPP per capita)

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<th>Portugal</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ PPP</td>
<td>5,551</td>
<td>4,600</td>
<td>4,192</td>
<td>3,391</td>
<td>3,248</td>
<td>2,734</td>
</tr>
</tbody>
</table>

**Physicians density**

(x 1,000 inhab.)

<table>
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<tr>
<th>Country</th>
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<th>Spain</th>
<th>Italy</th>
<th>France</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Density</td>
<td>4.6</td>
<td>4.1</td>
<td>3.9</td>
<td>3.8</td>
<td>3.3</td>
<td>2.8</td>
</tr>
</tbody>
</table>

**Hospital beds density**

(x 1,000 inhab.)

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<th>Italy</th>
<th>Spain</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Density</td>
<td>8.1</td>
<td>6.1</td>
<td>3.4</td>
<td>3.2</td>
<td>3.0</td>
<td>2.6</td>
</tr>
</tbody>
</table>

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

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

Private Network
- Outpatient Medical Centers & Specialist Units
  - 27%
- Non-for-profit Hospitals
  - 28%
- For-Profit Hospitals
  - 45%

For-Profit Private Hospitals, Sales by Payor
- Public Administrations
  - (outsourced activity to private hospitals)
  - 63%
- Health Insurance Companies (HICs)
  - 26%
- Self-pay & others
  - 11%
- Excluding Occupational Risk Prevention (ORP)

2017E
- ~€14bn
- €6.4bn

* 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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Public Admin.</th>
<th>HICs</th>
<th>Self-pay &amp; others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>3.9</td>
<td></td>
<td>2.0</td>
</tr>
<tr>
<td>2015</td>
<td>6.0</td>
<td></td>
<td>4.2</td>
</tr>
<tr>
<td>2017E</td>
<td>6.4</td>
<td></td>
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</tbody>
</table>

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

Sector growth above GDP in all economic cycles

Growth fueled by Health Insurance Companies (HICs)

For-Profit Private Hospital Market vs. Spanish GDP growth

<table>
<thead>
<tr>
<th>Year</th>
<th>For-profit Hospitals</th>
<th>Spanish GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005–2009</td>
<td>6.9%</td>
<td>1.1%</td>
</tr>
<tr>
<td>2009–2014</td>
<td>1.8%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>2014–2017</td>
<td>4.0%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Sales CAGR 2005-2017E

<table>
<thead>
<tr>
<th>Year</th>
<th>HICs</th>
<th>Self-pay &amp; Others</th>
<th>Public Admin.</th>
<th>Total Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>5.2%</td>
<td>2.0%</td>
<td>2.6%</td>
<td>4.2%</td>
</tr>
<tr>
<td>2017E</td>
<td>56%</td>
<td>26%</td>
<td>11%</td>
<td>63%</td>
</tr>
</tbody>
</table>

Breakdown by payor

Source: OECD 2015, IDIS, DBK, Company Internal Estimates
<table>
<thead>
<tr>
<th></th>
<th>Agenda</th>
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<tbody>
<tr>
<td>01</td>
<td>Management Team</td>
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<tr>
<td>02</td>
<td>Spanish Hospital Market</td>
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<tr>
<td>03</td>
<td>Quirónsalud Group Overview</td>
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<td></td>
<td>General Overview</td>
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<td></td>
<td>Business Units</td>
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<td></td>
<td>Integration with Fresenius Helios</td>
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<tr>
<td>04</td>
<td>Growth for the Next Years</td>
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</tbody>
</table>
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

Source: annual accounts, internal analysis, press releases
## Quirónsalud Group KPIs

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Total Growth YoY*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outpatient consultancies</strong></td>
<td>8.6 million</td>
<td>+12%</td>
</tr>
<tr>
<td><strong>Emergencies</strong></td>
<td>2.6 million</td>
<td>+8%</td>
</tr>
</tbody>
</table>

### Inpatient

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Patient Days</strong></td>
<td>1.5 million</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Discharges</strong></td>
<td>350 thousand</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Avg. Length of Stay</strong></td>
<td>4.3 days</td>
<td>–</td>
</tr>
<tr>
<td><strong>Occupation rate</strong></td>
<td>62%</td>
<td>+ 1 p.p.</td>
</tr>
</tbody>
</table>

### Surgeries

<p>| | | |</p>
<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Surgeries</strong></td>
<td>400 thousand</td>
<td>+8%</td>
</tr>
</tbody>
</table>

* 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

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Sales evolution (€ million)

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

2013–2017 significant growth. Intense M&A activity, mainly focused on private segment
Over the Last 4 Years, M&A Has Played a Transformational Role

20 acquisitions between 2014–2017...

... with significant value creation

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

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

2. Acquisition of prestigious hospitals in local markets

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

3. Creation of market leader in ORP sector

   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
## Prestigious Hospitals in Every Large Spanish City

### Top 10 Spanish provinces

<table>
<thead>
<tr>
<th>Province</th>
<th>Population (million)</th>
<th>Quirónsalud # hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madrid</td>
<td>6.5</td>
<td>11</td>
</tr>
<tr>
<td>Barcelona</td>
<td>5.6</td>
<td>7</td>
</tr>
<tr>
<td>Valencia</td>
<td>2.5</td>
<td>1</td>
</tr>
<tr>
<td>Sevilla</td>
<td>1.9</td>
<td>2</td>
</tr>
<tr>
<td>Alicante</td>
<td>1.8</td>
<td>1</td>
</tr>
<tr>
<td>Málaga</td>
<td>1.6</td>
<td>2</td>
</tr>
<tr>
<td>Murcia</td>
<td>1.5</td>
<td>1</td>
</tr>
<tr>
<td>Vizcaya</td>
<td>1.1</td>
<td>1</td>
</tr>
<tr>
<td>La Coruña</td>
<td>1.1</td>
<td>1</td>
</tr>
<tr>
<td>I. Baleares</td>
<td>1.1</td>
<td>3</td>
</tr>
</tbody>
</table>

### Celebrities at Quirónsalud

- Hospital Universitari Dexeus
  - Madrid
- Hospital Universitari General de Catalunya
- Hospital Universitari Teknon
- Centro Médico Teknon
Management Priority on Quality and Patient Experience

**Top quality standards and certifications**

- EFQM
- CEE
- EEE
- E

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

21 de mayo 2018

**Focus on patient experience**

Collaboration with Cleveland Clinic

Continuous monitoring of NPS

<table>
<thead>
<tr>
<th>DETRACTORS</th>
<th>PASSIVES</th>
<th>PROMOTERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

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

**Processes standardization**
- (Efficiency & Quality)

**Patient experience**

**Growth opportunities**

**Human talent**

**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

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   General Overview
   Business Units
   Integration with Fresenius Helios
04 Growth for the Next Years
Quirónsalud Group Structure & Business Units

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

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

Transversal Units (internal services)
- Laboratory
- Radiology
- Pathology
- Non-health care services (cleaning, kitchen, cafeteria, maintenance, etc.)
- Central procurement unit
- IT & call center

Sales Breakdown
- Hospitals 88%
- ORPs 12%
- Health Insurance Companies (HICs) 47%
- Self-pay & others 11%
- Public Administrations 30%
- 2017A ~€2.8bn
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

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)

Source: ICEA
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

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

<table>
<thead>
<tr>
<th>Hospital</th>
<th>2017 Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>FJD</td>
<td>92.7%</td>
</tr>
<tr>
<td>Hosp. Villalba</td>
<td>96.1%</td>
</tr>
<tr>
<td>Hosp. Rey Juan Carlos</td>
<td>92.4%</td>
</tr>
<tr>
<td>Hosp. Infanta Elena</td>
<td>93.2%</td>
</tr>
</tbody>
</table>

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

Source: Servicio Madrileño de Salud
ORP Business Unit

Leader in a ~€1.3bn market

Main Groups

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

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

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Integration with Fresenius Helios on Track, Promising Start

- Outpatient services
- Procurement
- Outsourcing cooperations
- Standardization
- Laboratory
- Quality
- Peer- & Management- Reviews
- Clustering
- Service- App
- Short waiting times
- LOS

INTEGRATION THROUGH INTERACTION

Process
Outcomes
Service
Agenda

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Organic Growth in all Segments

Positive macro trends ...

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

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 ...

- Internalization of services (Transversal Units)
- Corporate projects
  - Shared services centers
  - IT systems convergence
  - Revenue assurance program
- Permanent operational improvement program

Various efficiency levers ...

- Internalization of services (Transversal Units)
  - Hospital Public
  - Hospital Private
  - ORPs
  - Driven by quality of services
  - Moderate growth
  - Focused on patient experience
  - Growth above market
  - Most elected hospitals in “free choice”
  - HICs agreements
  - Expansion projects
  - Positive employment cycle
  - Cross-referral with hospitals
  - Sales opportunities
  - Positive macro trends ...
  - Top line growth in all units ...
  - Various efficiency levers ...
  - Internalization of services (Transversal Units)
  - Corporate projects
  - Permanent operational improvement program
New Greenfield Centers – 5 Openings Within the Next 3 Years

- Torre Vida Project (2020)
- Córdoba Hospital (2018)
- Proton Therapy Center (2019)
- Quirónsalud Madrid new hospitalization building (2018-2019)
- Alcalá de Henares Hospital (2020)
- Quirónsalud Madrid new hospitalization building (2018-2019)
Inorganic – Further M&A Opportunities

Spain

Selective opportunities in a still fragmented private market

# Acute hospitals in private network

<table>
<thead>
<tr>
<th>Hospital Group</th>
<th># of Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quirónsalud</td>
<td>39</td>
</tr>
<tr>
<td>Other hospital groups (more than 20)</td>
<td>133</td>
</tr>
<tr>
<td>Independent hospitals (not belonging to any group)</td>
<td>118</td>
</tr>
</tbody>
</table>

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

Source: CNH 2017

39
133
118

Over 200 beds
High reputation
Excellent doctors

Other hospital groups
Independent hospitals

Source: CNH 2017