



LIFE GOES ON WITH US



## Acquisition of Senevita

*March 2014*

Näher am Menschen  
**senevita**  
Betreutes Wohnen und Pflege

# Leading player in the Swiss retirement home market

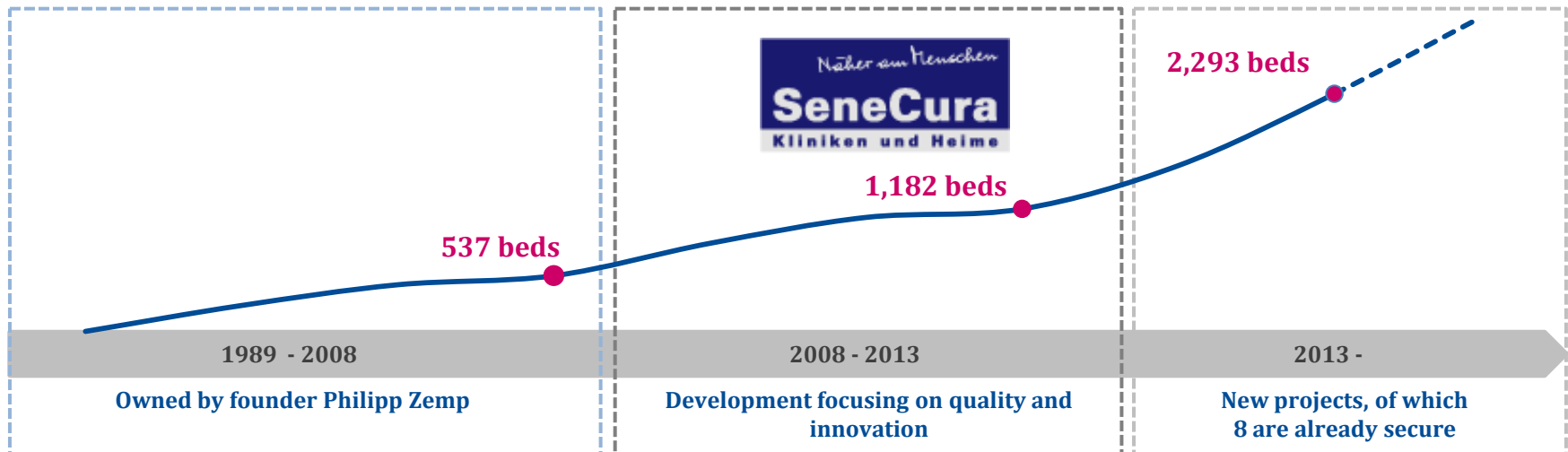
## History

- ✧ **1989:** created by Philipp Zemp
- ✧ **2008:** acquired by Austrian healthcare group SeneCura
- ✧ **2014:** acquired by ORPEA

## Key figures

- ✧ **21** facilities comprising **2,293 beds**, of which 1,182 currently in operation
- ✧ Located in German-speaking Switzerland (cantons of Bern, Basel, Zurich etc.)
- ✧ **840** employees
- ✧ 2013 revenue: **CHF83 million**

➔ **Secured growth ensuring a doubling in revenue to CHF160 million by 2016** (only with the secured projects as of today)



## A development strategy focused on Quality

- ✧ Comprehensive care for older adults: mix of nursing homes and assisted-living facilities on each site
- ✧ Strategy: combine development, innovation and quality
- ✧ Strategic locations in German-speaking Switzerland
- ✧ Sharp acceleration in growth between 2013 and 2016, with a doubling in the number of beds in operation

➔ **Growth pipeline consisting of 1,111 beds under construction**

## Experienced management

- ✧ Strong expertise in developing and designing long-term care facilities
- ✧ A large network and experience in post-acute and psychiatric care as well as long-term care
- ✧ Expertise acknowledged by supervisory authorities

➔ **An experienced team to ensure further value-enhancing growth**



# A network with exceptional growth potential

## A network of 21 facilities / 2,293 beds

- ✧ **Facilities currently in operation:** 13 (1,182 beds)
- ✧ **Facilities under construction:** 8 (1,111 beds)  
Opening in 2014 - 2016

## Located in German-speaking Switzerland

- ✧ 5 cantons
- ✧ Zurich, Bern, Basel etc.

## A range of care options typical of the Swiss market

- ✧ A mix of nursing homes and assisted-living facilities on each site



➡ **A leader player in dependency care in Switzerland**



# A high-quality network

- ✧ **Acknowledged expertise** as regards quality of service, care and hotel operations
  - ✧ **Quality and training efforts** at the heart of the strategy: quality procedures, assessments and continuous improvement initiatives, dynamic training policy
  - ✧ **Unique expertise in the Swiss market regarding building design** and fittings, ensuring the comfort of residents and a highly efficient organisation
- **Facilities ideally suited to dependency care**



## Rapid growth in the number of elderly people

- ✧ Number of people aged 65 and over set to rise 64% in the next 25 years
- ✧ Number of people aged 80 or over set to double by 2040
- ✧ In 2020, 147,000 people will have to use a care facility, up 18% relative to 2010

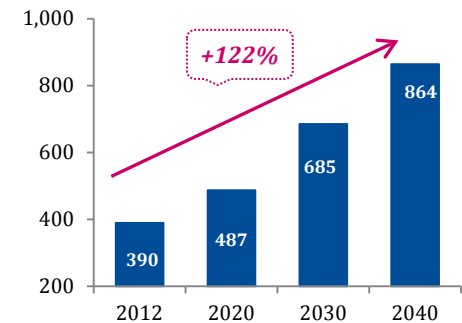
## Regulatory environment: high entry barriers

- ✧ Complex system for obtaining the administrative authorisation required to open a facility
- ✧ Financing methods regulated under legislation introduced in 2011
- ✧ Varying regulations between cantons

## A fragmented sector

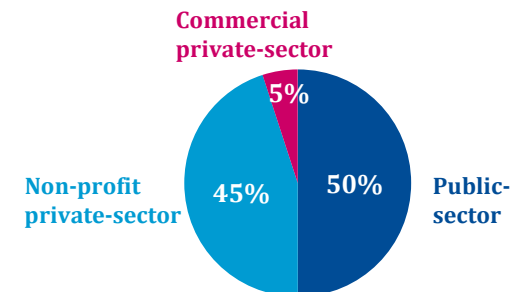
- ✧ Sector consisting of around 1,600 facilities, of which a very small proportion are managed by commercial private-sector operators
- ✧ Public-sector institutions withdrawing, preferring to outsource the activity due to a lack of resources and skills

Number of people aged 80 or over (thousands)



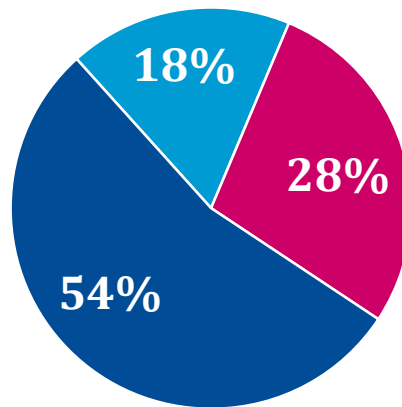
Source: Swiss federal statistics office

Breakdown of beds by type of operator



# Breakdown of the average daily price

**SERVICES (cleaning, food, ..)**  
Paid by the resident



**CARE**  
Covered by public- and private-  
sector insurance

**ACCOMMODATION (rent)**  
Paid by the resident and/or partly through local  
public-sector aid



**Total daily rates at Senevita: CHF115-270**

# A strongly value-enhancing growth strategy

## Major strengths driving value-creation growth

- ✧ **An excellent reputation** with both the supervisory authorities and families, based on the expertise of staff
- ✧ **A powerful network** enabling the group to work with the Swiss authorities and real-estate operators to seize development opportunities



## Development focused on setting up new facilities

- ✧ **Responding to local tenders**
- ✧ **Proposing new facilities to the supervisory authorities**
- ✧ **Strict criteria for new facilities:** location, concept suited to demand, growing demand arising from local demographic trends



## Real-estate strategy

- ✧ **Asset-light model:** real estate owned by Swiss institutional investors
- ✧ **Long-term leases** (20-30 years) with a gradual build-up of rent during the opening phase



 **Development based mainly on creating facilities from scratch**



- ✧ 100% of Senevita AG acquired on 6 March 2014
- ✧ Payment in cash
- ✧ Transaction earnings-enhancing from 2014 on EPS



**Doubling in revenue**  
in 2016 at CHF 160m thanks to  
the growth reservoir



**New developments**  
by authorisation and acquisition  
of facilities supported by  
ORPEA



**An excellent return on investment due to the pipeline of current development projects, which will double the number of beds in operation (from 1,182 beds end of 2013 to 2,293 beds end of 2016)**

# A strategic transaction for ORPEA

- ✧ **A leading player with critical mass**, with 2,300 beds across 21 facilities (including 8 under construction)
- ✧ **A particularly attractive country:**
  - Rapid growth in the sector due to population ageing
  - A sector that remains highly fragmented
  - High entry barriers in terms of regulations and operational requirements
- ✧ **Very strong growth potential:**
  - 50% of the network under construction: 1,111 beds, of which 40% will come into operation in 2014
  - Firm grip on the procedure for opening new facilities and integrating them
- ✧ **Experienced management team:**
  - Excellent knowledge of the post-acute and psychiatric care sector and the medical and social care sector
  - In-depth knowledge of decision-making mechanisms in each canton, which are crucial for new openings
  - Expertise in dependency care and strong focus on developing innovative projects



**Senevita = platform for making acquisitions and setting up new facilities in Switzerland in nursing home, post-acute and psychiatric care**