



**Acquisition of a leading German operator  
of post-acute care, rehabilitation  
and psychiatric facilities**

**ORPEA**  
LIFE GOES ON WITH US

# Celenus Kliniken, 3<sup>rd</sup> largest private operator of post-acute care, rehabilitation and psychosomatic facilities

## Leading operator in medium-stay care

- ✧ **Post-acute care and rehabilitation facilities:**
  - orthopaedics, oncology, cardiology, neurology, etc
- ✧ **Psychiatric facilities** (Somatic and psychosomatic care facilities):
  - eating disorders, depression, acute pain, tinnitus, etc

## Key figures

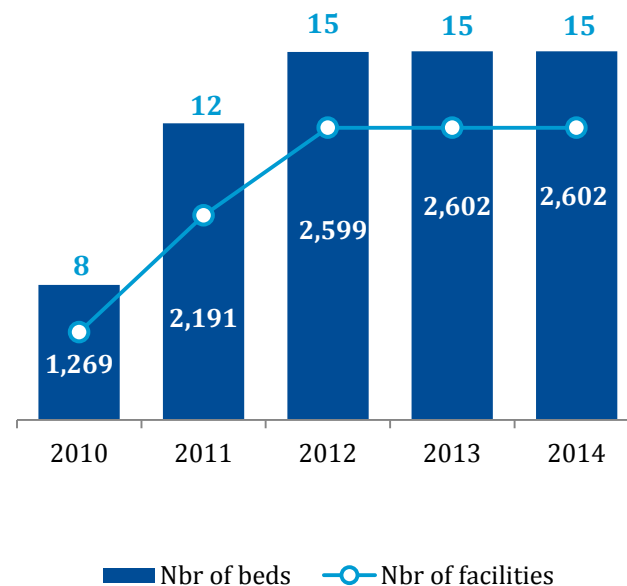
- ✧ **15** facilities (+ 1 day care center) representing **2,602 beds**
- ✧ **Approx. €100m** in 2014 revenues
- ✧ **100%** of buildings are rented

## Terms of the transaction

- ✧ Effective date of the acquisition and consolidation from **10 July 2015**
- ✧ Payment in cash from cash reserves
- ✧ Additional 2015 revenue for ORPEA Group: **€50m**

## A dynamic group built for expansion

- ✧ **2010:** created through the spin-off of 9 facilities from an established operator
- ✧ **2011-2012:** development through acquisitions of independent and newly-created facilities
- ✧ **2013-2014:** new management team and organizational improvements (centralization, harmonization, process optimization, etc.)





## Locations in Saxony and Baden-Württemberg

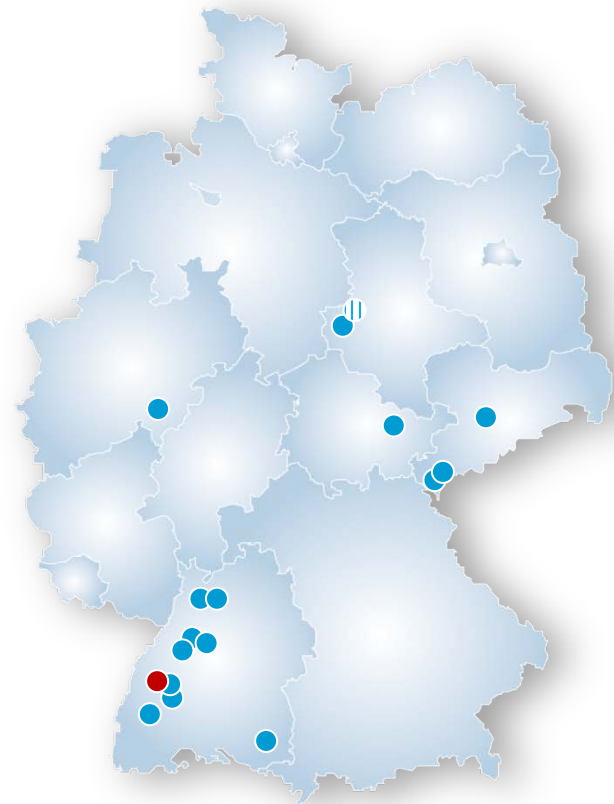
- ✧ **60%** of facilities located in Baden-Württemberg (3<sup>rd</sup> region in terms of its economic performance and population)
- ✧ **20%** of facilities in Saxony

## High-quality network

- ✧ Average size of facilities **> 160 beds**
- ✧ **90%** of single rooms
- ✧ **Reputation for quality:** 3 facilities among the top 10 German post-acute care and rehabilitation facilities according to the German Pension Insurance rankings

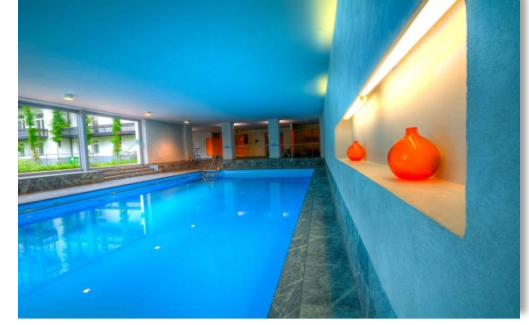


## Network of 15 facilities with 2,602 beds



- Celenus facility
- || Post-acute care and rehabilitation day care
- Headquarter

# High quality facilities





# Post-acute care, rehabilitation and psychosomatic sector in Germany

## Key Post-acute and Rehab. objectives

- ✧ **Fundamental principle of the post-acute care and rehabilitation sector in Germany: help patients back to work**
- ✧ According to the authorities, objectives are:
  - Bolster the employment market by helping people return to work
  - Optimize the public finances by increasing revenues through the number of active employees and reducing spending (post-acute care and rehabilitation facilities less expensive than hospital or in-home medical care)

*€1 in public money  
invested generates a  
ROI of €5*

## Regulation: major barrier to entry

- ✧ Strong system of authorisations
- ✧ Need to **enter into a contract with Statutory healthcare Insurance and / or Statutory Pension Insurance** that cover costs

*No more new  
authorisations*

## Daily rate

- ✧ **“All inclusive” rates** (including private room)
- ✧ Possibility to charge some additional comfort services
- ✧ **Daily rate of €120 to €135,**
- ✧ **3 types of payment based on patient’s status**
  - Active patient: rate negotiated and paid for by Statutory Pension Insurance and by Statutory Health insurance (somatics)
  - Non-active patient: rate negotiated and paid for by Statutory Healthcare Insurance
  - Special requirement or non-German national: rate paid by the patient

*The vast majority of  
Celenus’ beds are for  
“Active” patients*



**Fundamentals conducive to the development of post-acute care and rehabilitation facilities in Germany, with encouragement from the authorities**



## Breakdown of beds by type of operator



Source: DESTATIS

### Sector undergoing radical changes

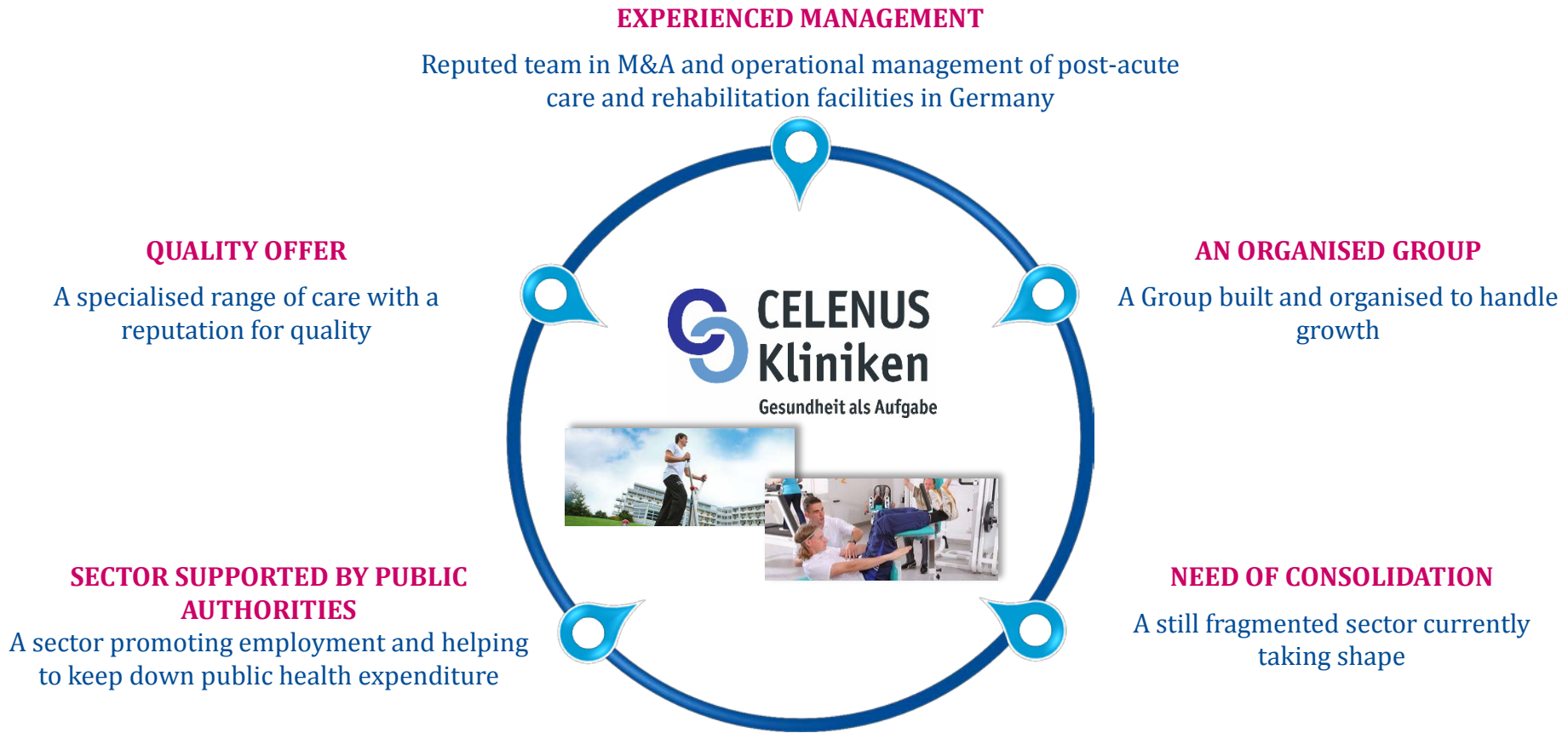
- ✧ Downtrend in capacity in terms of the number of facilities meeting a need for more specialized, modern facilities located at the heart of highly populated areas
- ✧ Reduction in the market share held by public and non-profit participations: scope for privatizations

### Highly fragmented private sector

- ✧ Still 60% of facilities owned by independent operators
- ✧ Need for consolidation to meet demand for medical service quality and efficiencies



# Celenus Kliniken's key strengths conducive to active development



**A new platform for effective and efficient development in Germany**



## Organic growth

- ✧ Occupancy increase at certain facilities and greater cooperation with local surgical groups
- ✧ Pursue a cluster strategy for certain facilities
- ✧ Capacity extensions at certain locations



## Selective acquisition growth

- ✧ Capitalise on the private sector's fragmentation
- ✧ Target supplementary independent facilities
- ✧ Feasibility study of acquiring mid-sized groups

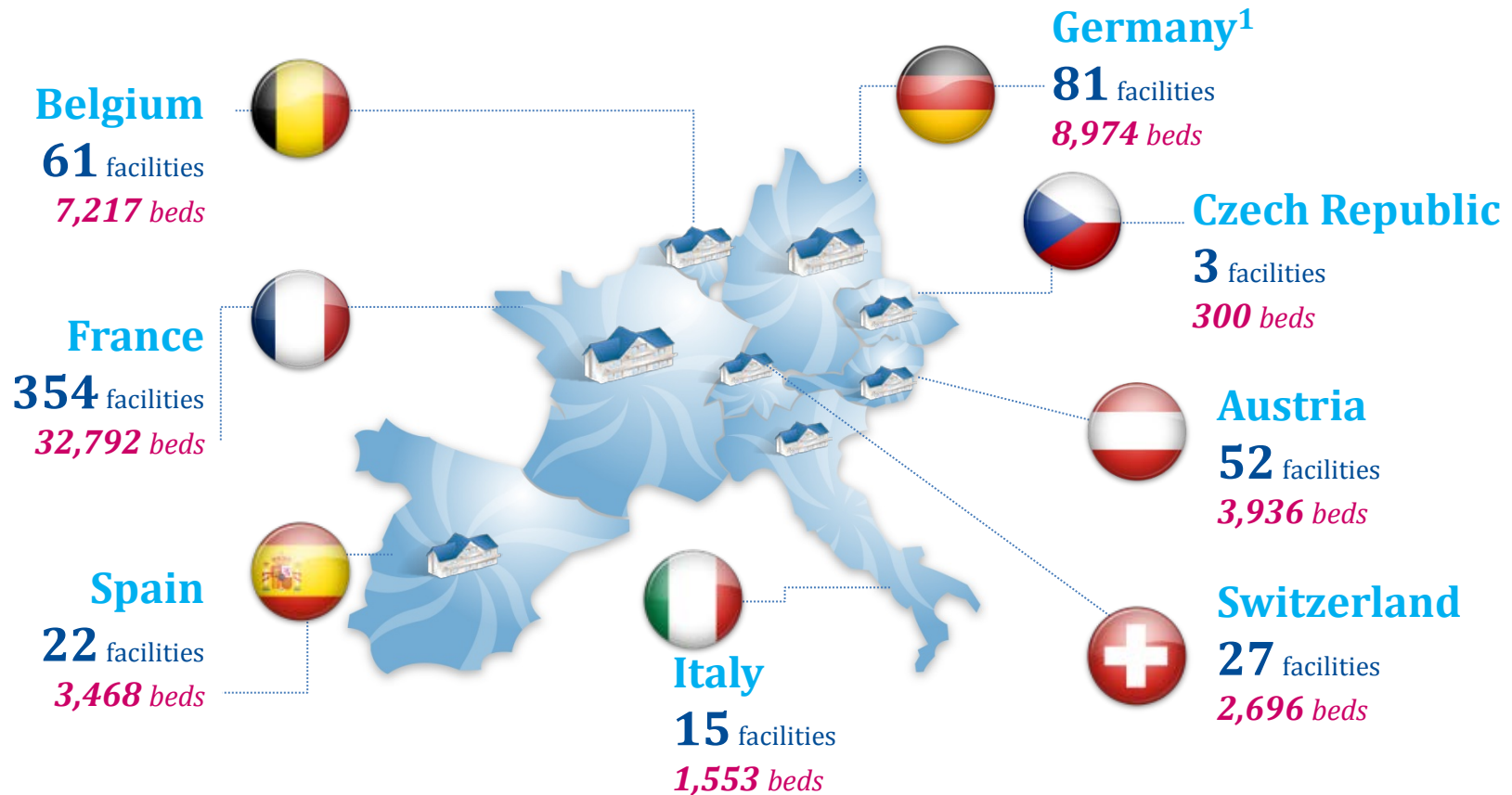


## Real estate strategy

- ✧ Starting ownership process of some buildings



# A European network of 60,936 beds in 615 facilities<sup>1</sup>



**➡ 46% of the network outside France**

<sup>1</sup> After the closing of the acquisition of Celenus Kliniken

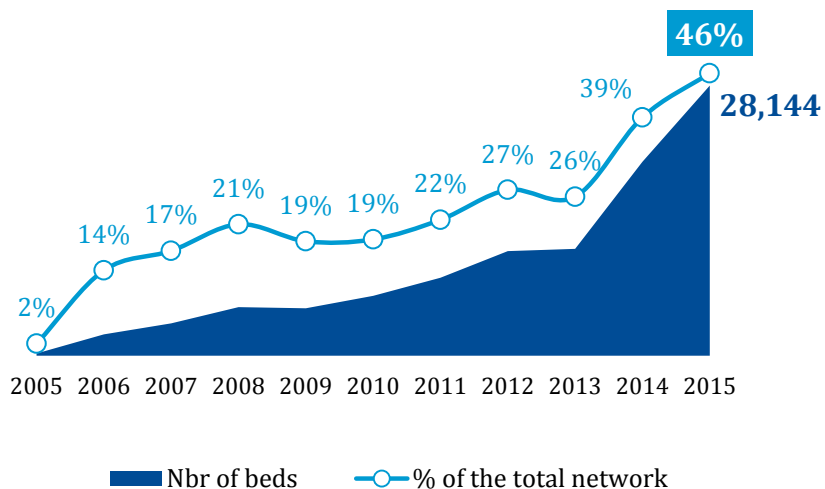
# Sharp acceleration in international expansion

## An acquisition dovetailing perfectly with ORPEA's strategy

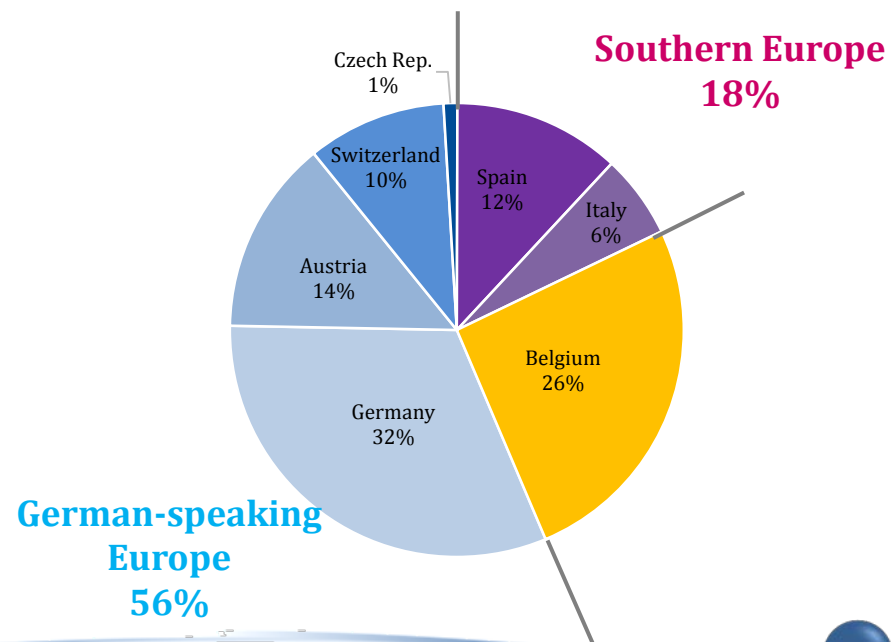
- ✧ Expansion of the offering in Germany to establish a presence right across the long-term care sector
- ✧ Increase in ORPEA's market share in German-speaking Europe
- ✧ A new platform for international expansion in a sector with strong growth potential

**2015 revenue target raised to  
€2,360m (up 21.1%)**

## Change in international network<sup>1</sup>



## International breakdown of beds by country<sup>1</sup>



<sup>1</sup> After the closing of the acquisition of Celenus Kliniken