

Ramsay Health Care Limited

# ACQUISITION OF CAPIO

Creating a leading provider of healthcare services in Europe

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# Transaction Highlights

Craig McNally

# Introduction

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- Ramsay Générale de Santé ('RGdS'), Ramsay Health Care Limited's ('Ramsay') 51% owned listed French subsidiary, has been successful in its public offer for Nasdaq Stockholm-listed Capio AB (publ.) ('Capio')
- Capio offer price (for 100% of the issued capital) is SEK8,187 million (€788 million (equiv) or A\$1.3 billion (equiv)<sup>1</sup>), corresponding to an Enterprise Value of €1.2 billion (A\$1.9 billion (equiv)<sup>1</sup>)
- The offer has been accepted by shareholders holding approximately 96% of Capio share capital. The offer's acceptance period will be extended until 7 November 2018<sup>2</sup>
- Unconditional clearance has been received from the French Competition Authority & all conditions for completion of the offer have been satisfied
- Settlement is expected on or around 7 November 2018<sup>3</sup>, upon which Capio will become a majority-owned subsidiary of RGdS

<sup>1</sup> Based on spot FX rates as of 26/10/2018 (EUR/AUD of 1.61 and EUR/SEK of 10.39)

<sup>2</sup> In order to give remaining shareholders an additional possibility to accept the offer

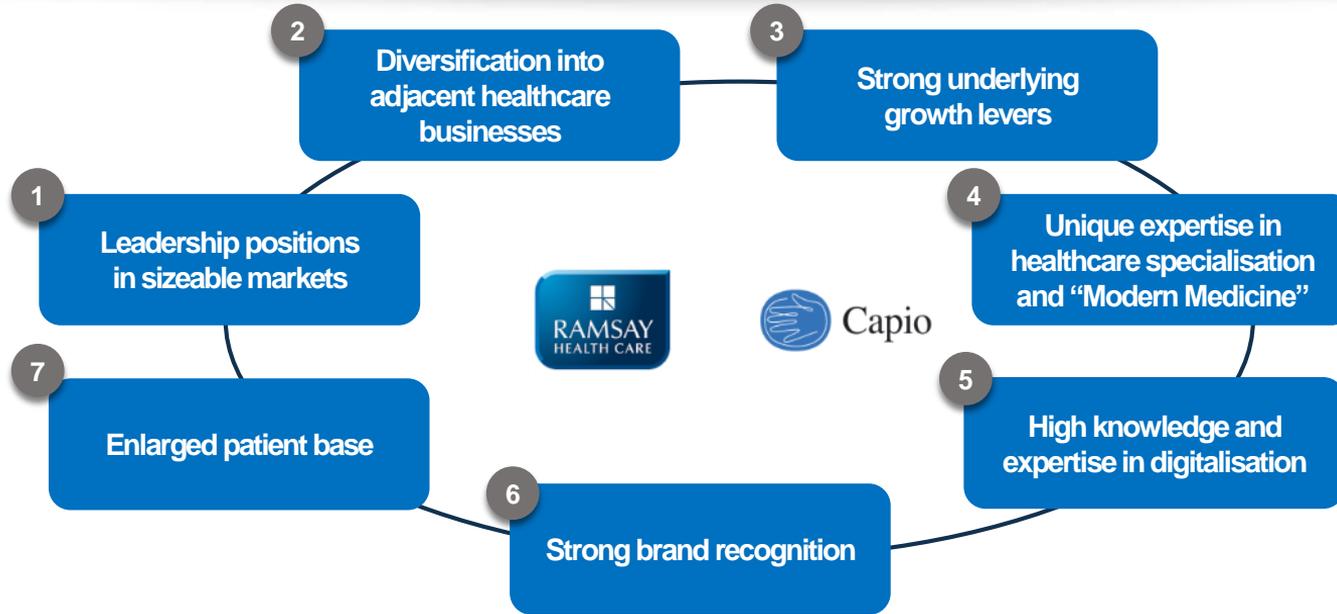
<sup>3</sup> For shares tendered during the initial acceptance period, i.e. up until 25 October 2018

# Key benefits of the transaction

- ✓ Acquisition of Capiro's integrated healthcare network is consistent with Ramsay's strategy to grow both its hospital and out-of-hospital businesses
- ✓ Consistent with Ramsay's strategy to grow its global portfolio in new markets and where it is a strategic fit:
  - Capiro is a leading and quality provider of healthcare services in Europe with a well-balanced geographic footprint across 5 countries, operating in stable markets with strong industry fundamentals
  - Market leader in Sweden, #3 market position in the French acute care sector, and #2 position in Norway
  - Leader in driving value-based healthcare, digitalisation and specialisation
  - High performing French operations with strong presence in Toulouse & Lyon, enhancing RGdS's cluster strategy
- ✓ Provides a gateway for further bolt-on acquisitions in the Nordics
- ✓ Financially compelling transaction with significant synergies at RGdS level (c.€20m), with majority to be realised within 2-3 years
- ✓ Core EPS accretive within 2 to 3 years

# Transaction rationale

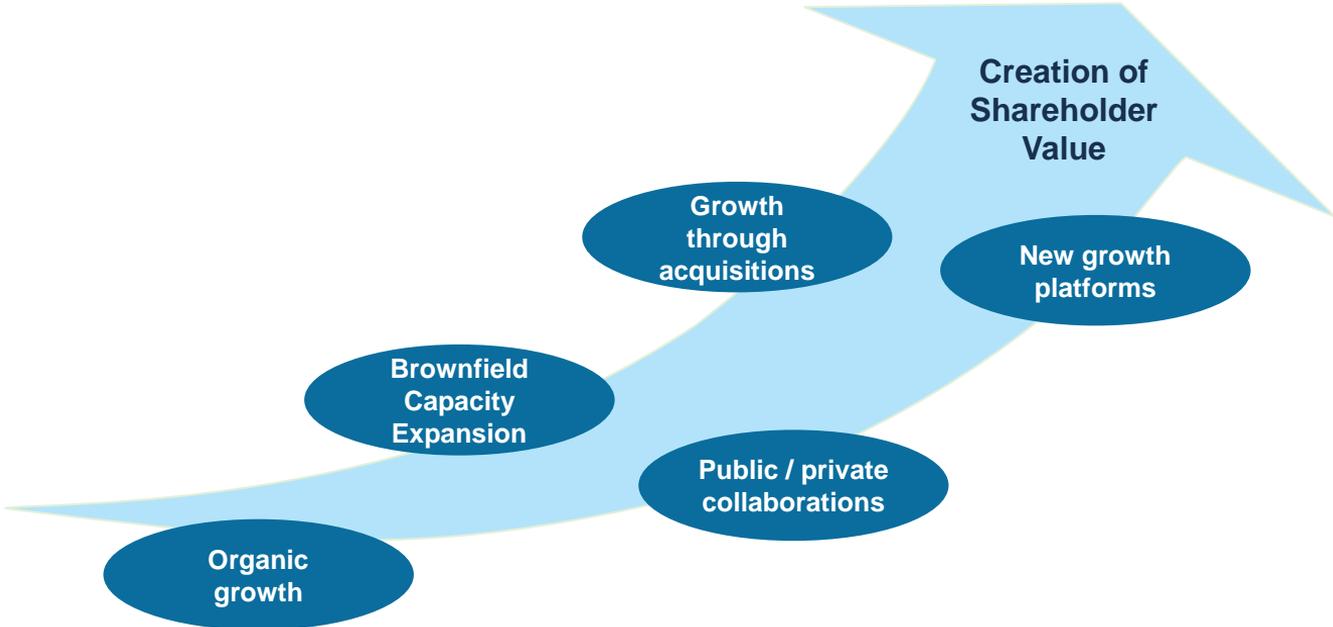
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**Create a leading provider of healthcare services in Europe**  
Combined group will leverage Capio’s distinctive strengths and expertise in integrated healthcare and digitalisation combined with the deep domain experience of RGdS and the global reach of Ramsay

# Delivering on Ramsay's growth objectives

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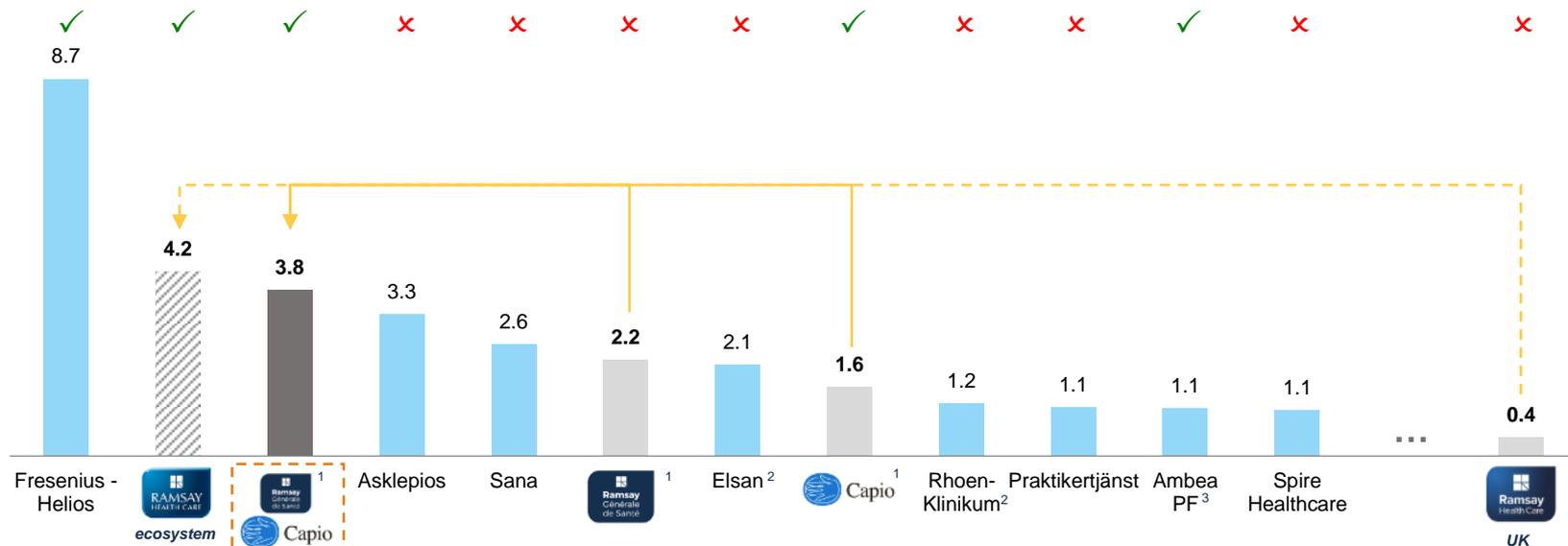


# Creating a leading European player

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Leading European acute care players (2017 sales in €bn)

Multi-geography



Source Companies

Based on EUR/SEK of 9.63 (average rate over 2017)

1. Based on Dec-17 LTM figures for RGdS, Ramsay Health Care UK and Capio
2. Estimate
3. Pro forma of the acquisition of Aleris Care

# Expanded European footprint

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## Combined geographical footprint with strong positions in key European markets

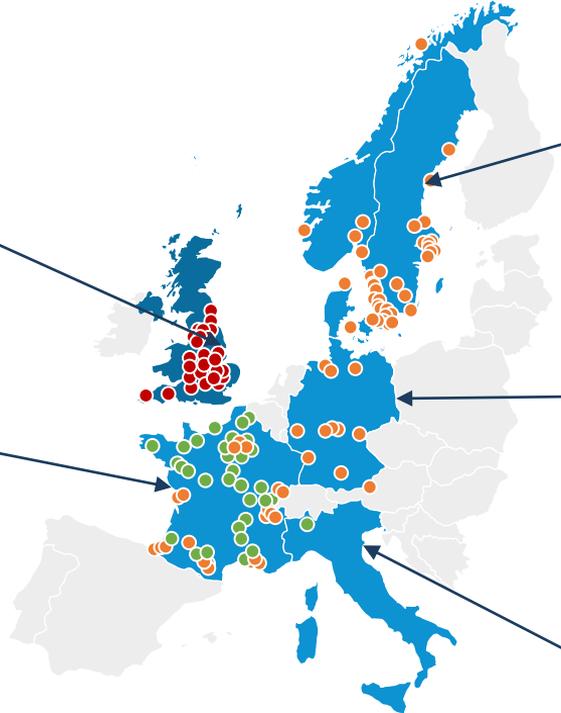


Revenue:	£424m
Patients (#, k):	240
FTEs (#):	4,324
Location (#):	32



Revenue:	€2,780m
Patients (#, k):	2,759
FTEs (#):	27,292 <sup>1</sup>
Location (#):	141

- Ramsay Générale de Santé presence
- Ramsay Générale de Santé location
- Ramsay Health Care UK location
- RHC UK presence
- Capio location



Revenue:	€871m
Patients (#, k):	4,077
FTEs (#):	6,556
Location (#):	151



Revenue:	€117m
Patients (#, k):	247
FTEs (#):	1,224
Location (#):	16



Revenue:	€24m
Patients (#, k):	6
FTEs (#):	198
Location (#):	1

Jun-18 LTM figures for RGdS, Capio and Ramsay Health Care UK  
 Based on spot FX rates as of 26/10/2018 (EUR/AUD of 1.61 and EUR/SEK of 10.39)

1. Not including c.1,000 self-employed doctors at Capio and c. 6,000 self-employed doctors at RGdS

# The Ramsay Health Care Global Network



**Ramsay**  
Health Care

77,000

Employees

470

Locations

\$11.6B

Revenue (AUD)

8,500,000

Patient visits/admissions

10

Countries

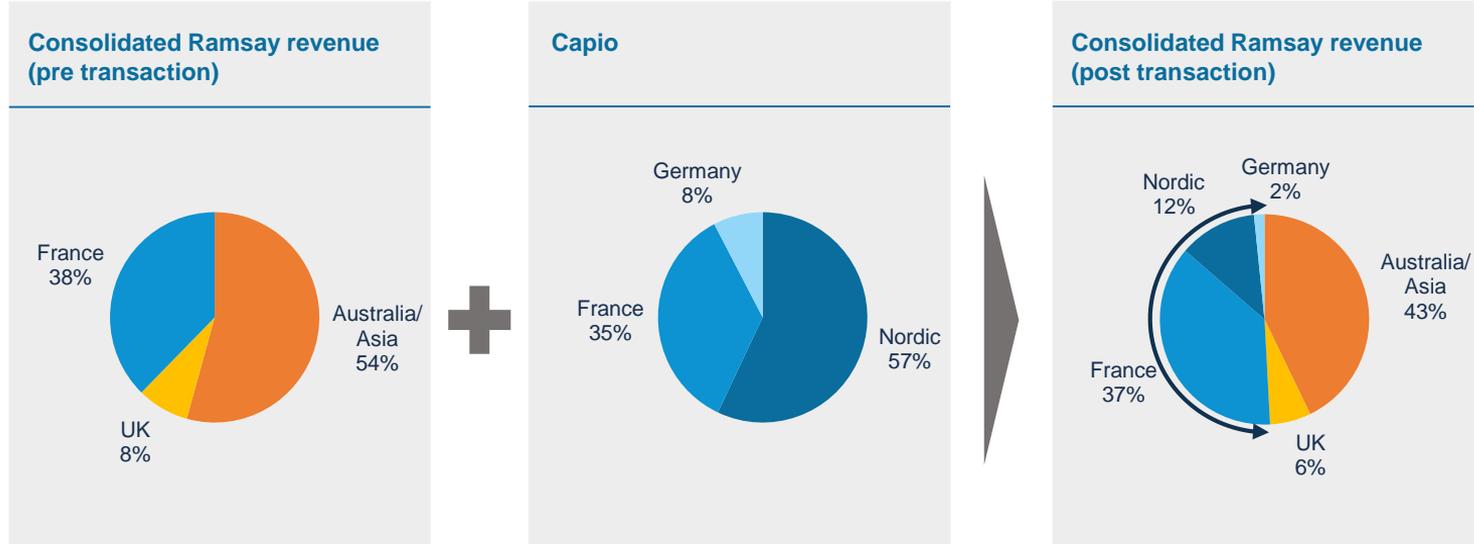
## Hospitals & Facilities

With Capio, Ramsay Health Care's global network extends across 10 countries, with 8.5 million admissions/patient visits to its facilities in circa 470 locations. The combined entity employs 77,000 staff.

# A more diversified geographical profile

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## Revenue breakdown by geography



Jun-18 LTM consolidated figures for both Ramsay and Capio  
Based on spot FX rates as of 26/10/2018 (EUR/AUD of 1.61 and EUR/SEK of 10.39)

# Creating a leading European health services provider

Pascal Roché

# Key macro facts about Capio's markets

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	 Sweden	 Norway	 Denmark	 France	 Germany
<b>Population</b> (2017)	9.9m	5.3m	5.7m	67m	83m
<b>Population growth</b> (average 2010-2017)	+0.8%	+1.2%	+0.5%	+0.4%	+0.2%
<b>Share of population 60+ years</b> (2017)	25%	22%	25%	26%	28%
<b>Forecasted share of population 60+ years in 2050</b>	30%	29%	30%	32%	38%
<b>GDP growth</b> (2016)	+3.2%	+1.1%	+2.0%	+1.2%	+1.9%
<b>Healthcare spending as % of GDP</b> (2016)	11.0%	10.5%	10.4%	11.0%	11.3%
<b>Budget surplus / (deficit)</b> (2016)	+0.9%	+4.0%	(0.9%)	(3.4%)	+0.8%

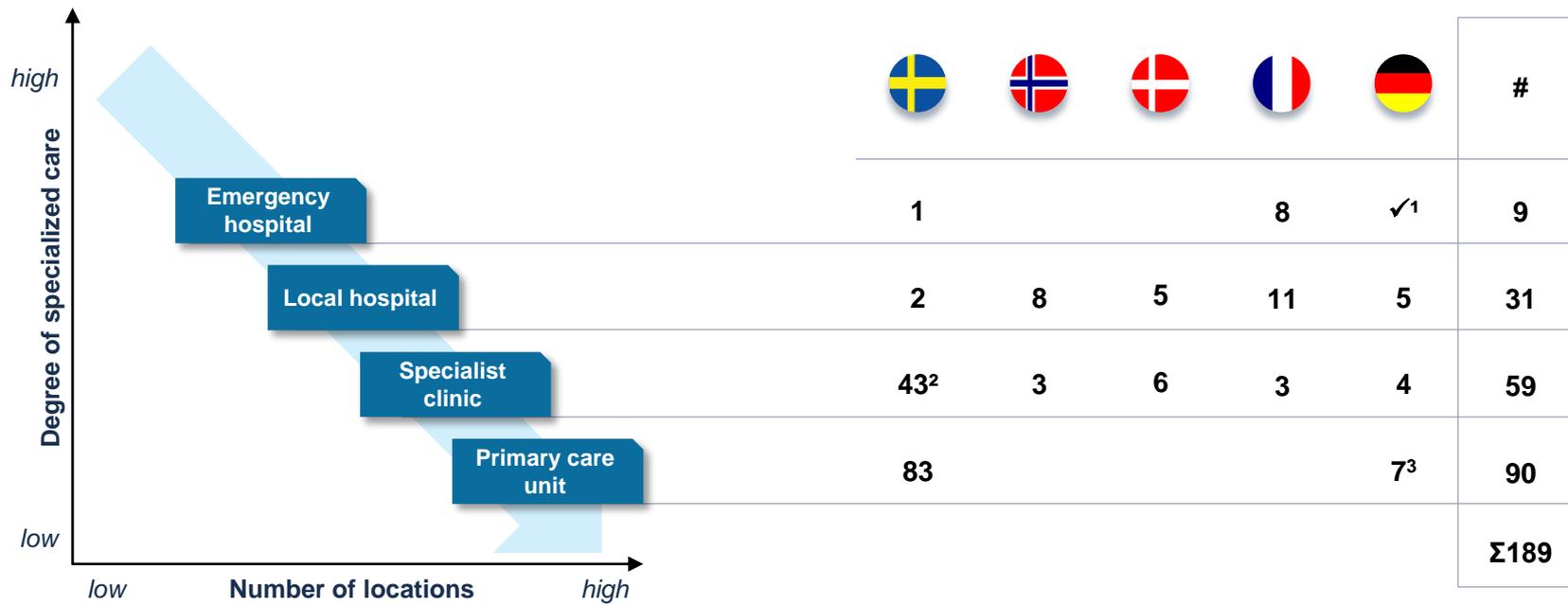
Attractive macro trends in the Nordics supported by sound level of healthcare spending relative to GDP

Source: Eurostat, WorldBank, UN

# Capio integrated healthcare network

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Geographic footprint (# of locations)



Source: Capio annual report

1. Hospitals can include 24/7 emergency units
2. Including clinics for psychiatric care
3. Outpatient clinics (MVZ)

# Complementary operations in Continental Europe

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Achieve best quality of life for every patient

			<b>Combined</b>
Primary care	-	✓✓✓	✓✓
Inpatient care	✓✓✓	✓✓	✓✓✓
Outpatient care	✓✓	✓✓✓	✓✓✓
Psychiatry	✓✓✓	✓	✓✓✓
Rehabilitation	✓✓	✓	✓✓
Emergency Dpt	✓✓	✓	✓✓
Geriatric care	-	✓	✓
Digitalization e-health	✓	✓✓✓	✓✓✓

Achieve best quality of healthcare services for every patient across the value chain through talented employees and innovative solutions, notably enabling to lower recovery time and length of stay

# Capio's distinctive strengths and attractive features

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## Leader in attractive markets

- Market leader in Sweden, #3 position in France in acute care, solid #2 position in Norway
- Continued trend towards increasing outsourcing and private involvement, particularly in Sweden
- Presence in large markets: France (67m inhabitants), Germany (83m inhabitants)

## At the forefront of Modern medicine

- Modern medicine concept developed successfully in Sweden and subsequently implemented in other geographies
- Demonstrated positive impact on productivity (AVLOS average length of stay, day surgery ratio)

## Expertise in digitalization

- Strategy-focused on digitalization and innovation
- Recent implementation of “Capio Go” and “Better Visits”



## Strong brand recognition

- Acknowledged focus on quality and appropriateness of care (e.g., value based care approach, national quality registers)
- Well-known by patients and well-perceived by doctors and regulatory bodies

# Strengthening leadership position in France

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## Leading position in France

- Leverage on Capio's #3 position in France in acute care with a significant presence in surgery in complementary markets
- Solid positions, notably in Lyon and Toulouse, enhancing RGdS's cluster strategy
- Reinforced positioning to share best practice with the regulatory bodies, mainly ARS (Regional Health Agencies)

## Consolidation of medical performance

- First colectomy in the world, first knee & hip replacement in France, first TAVI (Transcatheter Aortic Valve Implantation) in France
- Recognized as most advanced in Modern Medicine: already demonstrated significant potential in the French budget-constrained environment as well as positive impacts on AVLOS and day surgery ratio

## Complementary geographical coverage

- New geographies for RGdS
- Strengthening of core clusters where RGdS operates
- Local synergies and best practice sharing

# Creation of a new growth platform in the Nordics

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## Leading position in the Nordics

- Market leader in Sweden, with few sizeable players beyond top-3
- Solid #2 position in Norway
- Recently entered Denmark

## Stable and growing markets

- Healthcare spend growing steadily across the Nordics, outgrowing GDP, supported by public funding and favourable fundamentals
- Organic growth reported by Capio in the Nordics broadly stable around 4% p.a. over the last years

## Attractive M&A targets in Scandinavia

- Significant M&A pipeline for healthcare targets in Sweden, notably in primary care, from large/ international chains to smaller chains
- Additional M&A targets in Nordic countries

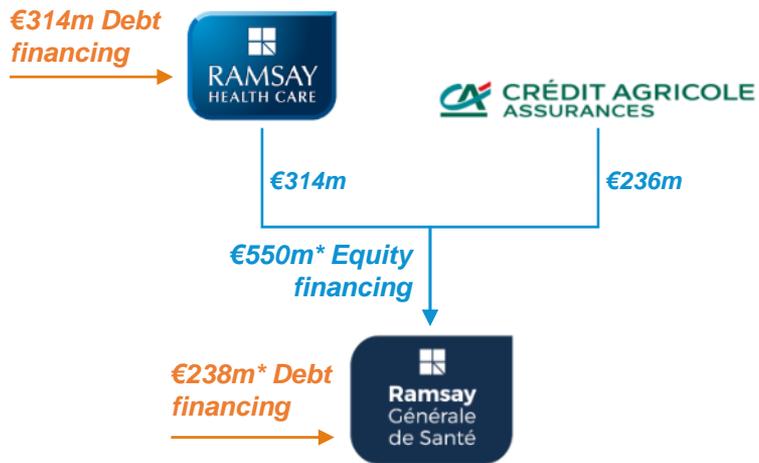
# Impact on Ramsay

## Bruce Soden

# Financing of Capio offer price of €788 million

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## Financing structure



\* Total Capio offer price €788m

## Key considerations

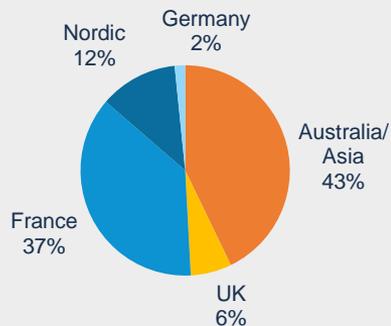
- Ramsay and Prévoyance Dialogue du Crédit Agricole have irrevocably committed to subscribe a minimum of €550 million in RGdS's planned equity issuance
- RGdS executed an underwritten debt package to finance the balance of the Capio offer price, refinance Capio's existing debt and fund transaction costs
- Similar to RGdS's existing debt, RGdS's new debt package is non-recourse to Ramsay
- Financing costs of the new debt are expected to be in line with RGdS's current financing package
- Ramsay Consolidated Group pro forma FY18 (pre lease adjusted) leverage ratio (including Capio) is estimated to be 2.9x
- Ramsay Wholly Owned Funding Group pro forma FY18 (pre lease adjusted) leverage ratio (including Capio) is estimated to be 2.2x

# Pro forma financial impact

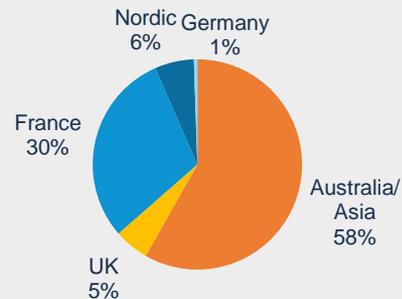
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<i>A\$ bn</i>	Actual FY18 Ramsay Consolidated Group (Pre Transaction)	Capio <sup>1</sup> (equiv) <sup>2</sup>	Pro-forma Ramsay Consolidated Group (Post Transaction)
<b>Revenue</b>	<b>9.2</b>	<b>2.5</b>	<b>11.6</b>
<b>EBITDA</b>	<b>1.4</b>	<b>0.2</b>	<b>1.6</b>
<b>Consolidated Group Leverage Ratio</b>	<b>2.3x</b>		<b>2.9x</b>

Revenue (post transaction)



EBITDA (post transaction)



1 Jun-18 LTM consolidated figures for Capio

2 Based on spot FX rates as of 26/10/2018 (EUR/SEK of 10.39 and EUR/AUD of 1.61)

# Next steps

# Next steps

- Interactions with Capio teams
  - Meeting teams
  - Integration & best practice committees
- Settlement of shares tendered during the initial acceptance period is expected to commence on or around 7 November 2018
- Acceptance period extended to 7 November 2018 in order to give remaining shareholders an additional possibility to accept the Offer (with settlement of shares expected to commence on or around 15 November 2018)
- Delisting expected before calendar year end, followed by compulsory acquisition procedure
  - Once delisted, RGdS will become the owner of the remaining shares of Capio during H1 2019