Revitalising renal care
Challenges and opportunities

Dag Andersson
CEO & President Diaverum
June 28 2012, London
Meet: Henrietta

- Henrietta, 75
  - lives in London
  - has 3 children and 4 grandchildren
  - used to work as a pharmacist
  - her life motto is: Carpe diem

- And: She has a chronic disease
The prevalence of chronic diseases is increasing

By 2020, **157 million** US citizens are predicted to have **more than one chronic disease**.

**75%** of health-care budget in the US is spent on chronic diseases (US$ 1.7 trillion/a).

Over 65 year old with multiple chronic diseases spend US$ 1,300 per year on medicine.

80% of chronic diseases could be eliminated by **preventive measures**, according to WHO.

Less than 4 cents of every dollar spent on health care in USA goes to preventive and public-health measures.
One case in 3 million

Henrietta, 75
- Was first diagnosed with chronic kidney disease in 1985
- In 1991 she started on dialysis
- In 1994 she received a transplant
- Her kidney failed in 1999
Our kidneys are vital – and irreparable

<table>
<thead>
<tr>
<th>Total population – 7 billion</th>
<th>Chronic Kidney Disease Stage 1-4</th>
<th>Chronic Kidney Disease Stage 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8 % of total population – 600 million</td>
<td>2.7 million</td>
</tr>
</tbody>
</table>

- In Clinic Hemodialysis
- Home care (Peritoneal Dialysis, Hemodialysis)
- Transplant
The number of dialysis patients increases at fast pace

Number of dialysis patients globally

Source: FMC 2012
Diabetes and hypertension are key causes for chronic kidney disease (CKD)

High blood pressure causes 30% of all chronic kidney diseases

1 billion people worldwide suffer from high blood pressure

Diabetes is the cause of 40% of all chronic kidney diseases

240 million people worldwide suffer from diabetes

This number will amount to 380 million in 2025

Kidney inflammation
Polycystic kidney

Source: World Kidney Day
...with significant effects on health care budgets

Share of CKD
(Medicare costs and population in the US)

Medicare costs per patient/year

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Medicare Cost</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>20,000 €</td>
<td>27.6%</td>
</tr>
<tr>
<td>25%</td>
<td>40,000 €</td>
<td>9.8%</td>
</tr>
<tr>
<td>50%</td>
<td>60,000 €</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Disease</th>
<th>Medicare Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>CKD</td>
<td>20,000 €</td>
</tr>
<tr>
<td>ESRD</td>
<td>60,000 €</td>
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</tbody>
</table>
Implications for the patient
The Institute of Medicine recommends to consume 3 litres of water per day.

Dialysis patients are only allowed to consume 500ml of water per day.
ESRD changed Henrietta’s life

- **Daily life**
  - 3 dialysis sessions per week (each session lasting 4 hours)
  - Strict diet

- **Physical & emotional effects**

- **Co-morbidities include**
  - Hypertension
  - Depression
  - Chronic pain
  - Itching
  - Fatigue
What Diaverum can offer
Our aim is to revitalise renal care

Our Vision
First choice in renal care

Our Mission
Improve quality of life for renal patients

Our values
Competent
Inspiring
Passionate
Present in 17 countries across the world

17 countries
>250 clinics
6,900 employees
20,000 patients
3 million treatments p.a.

<table>
<thead>
<tr>
<th>Latin America</th>
<th>2012 Clinics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>34</td>
</tr>
<tr>
<td>Uruguay</td>
<td>7</td>
</tr>
<tr>
<td>Chile</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>47</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Pacific</th>
<th>2012 Clinics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7</strong></td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Europe &amp; Middle East</th>
<th>2012 Clinics</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>16</td>
</tr>
<tr>
<td>Germany</td>
<td>16</td>
</tr>
<tr>
<td>Hungary</td>
<td>11</td>
</tr>
<tr>
<td>Italy</td>
<td>23</td>
</tr>
<tr>
<td>Lithuania</td>
<td>14</td>
</tr>
<tr>
<td>Poland</td>
<td>24</td>
</tr>
<tr>
<td>Portugal</td>
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</tr>
<tr>
<td>Romania</td>
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</tr>
<tr>
<td>Saudi</td>
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</tr>
<tr>
<td>Spain</td>
<td>28</td>
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<tr>
<td>Sweden</td>
<td>4</td>
</tr>
<tr>
<td>Turkey</td>
<td>19</td>
</tr>
<tr>
<td>UK</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>197</strong></td>
</tr>
</tbody>
</table>

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The market is split between three key players in EMEA and Latin America.

**# of patients in Europe**

- Fresenius Medical Care: 48,300
- Diaverum: 16,000
- B. Braun: 8,000

**# of patients in Latin America**

- Fresenius Medical Care: 25,300
- Baxter: 8,800
- Diaverum: 3,800

Source: FMC Annual Report 2011, research
We keep on growing

Number of Clinics

- 2007: 150
- 2008: 200
- 2009: 250
- 2010: 300
- 2011: 350
- 2012*: 400

Number of Patients

- 2007: 15,000
- 2008: 18,000
- 2009: 21,000
- 2010: 24,000
- 2011: 27,000
- 2012*: 30,000

Number of Treatments (1,000)

- 2007: 2,000
- 2008: 2,200
- 2009: 2,400
- 2010: 2,600
- 2011: 2,800
- 2012: 3,000

Revenue (MEuro)

- 2007: 180
- 2008: 200
- 2009: 220
- 2010: 240
- 2011: 260
- 2012: 280

*forecast 2012
Same treatment, different operating models
The regulatory environment differs

Typical non-tender markets (fixed pricing)

Typical tender markets (payment on case-by case basis)
The split between public and private varies by geography

North America: 19% Public, 64% Private Companies, 17% Private Individuals
EMEA: 23% Public, 61% Private Companies, 16% Private Individuals
APAC: 50% Public, 46% Private Companies, 4% Private Individuals
Latin America: 63% Public, 21% Private Companies, 16% Private Individuals
Worldwide: 35% Public, 24% Private Companies, 41% Private Individuals

Source: FMC Annual Report 2011
Diaverum is quickly adapting to different operating models

### Operating clinics

- **Ratio**
  - Nurse to patient
  - Doctor to patient
  - Station to patient

### Consumption

- **Single use**
- **Re-use**

### Quality measures/reports

- Reporting of medical outcomes
- Minimum targets for medical outcomes
- Impact of meeting/not meeting targets

### Medication

### Reimbursement

- **Per patient**
- **Per treatment**
- **Per week**

### Reimbursement coverage

- Treatment only
- Including hemodialysis, excluding PD
- All inclusive (treatment, medication)
- Including / excluding prevention
An adequate solution: bundled reimbursement
The Diaverum approach is integrated renal patient care

Real impact/revenues

All Inclusive reimbursement model

Integrated Renal Patient Care

Holistic Renal Care Provider

Today

2013

2015

Full scope of treating ESRD-patients

Meeting customer demand and long term revenue stream

Full scope of health management for ESRD patients as well as full prevention scope
We are well prepared for the future

Number of ESRD patients will increase significantly

Privatisation in renal care will continue to grow

Prevention

Co-morbidities

Integrated renal patient care

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She will definitely like the integrated patient care approach taking care of all her medical and psychological needs.

She will encourage her family and friends to take preventive actions.

Wouldn´t you?
Thank you!

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