



Spire Healthcare



Capital Markets Presentation
5 April 2016

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Spire Healthcare

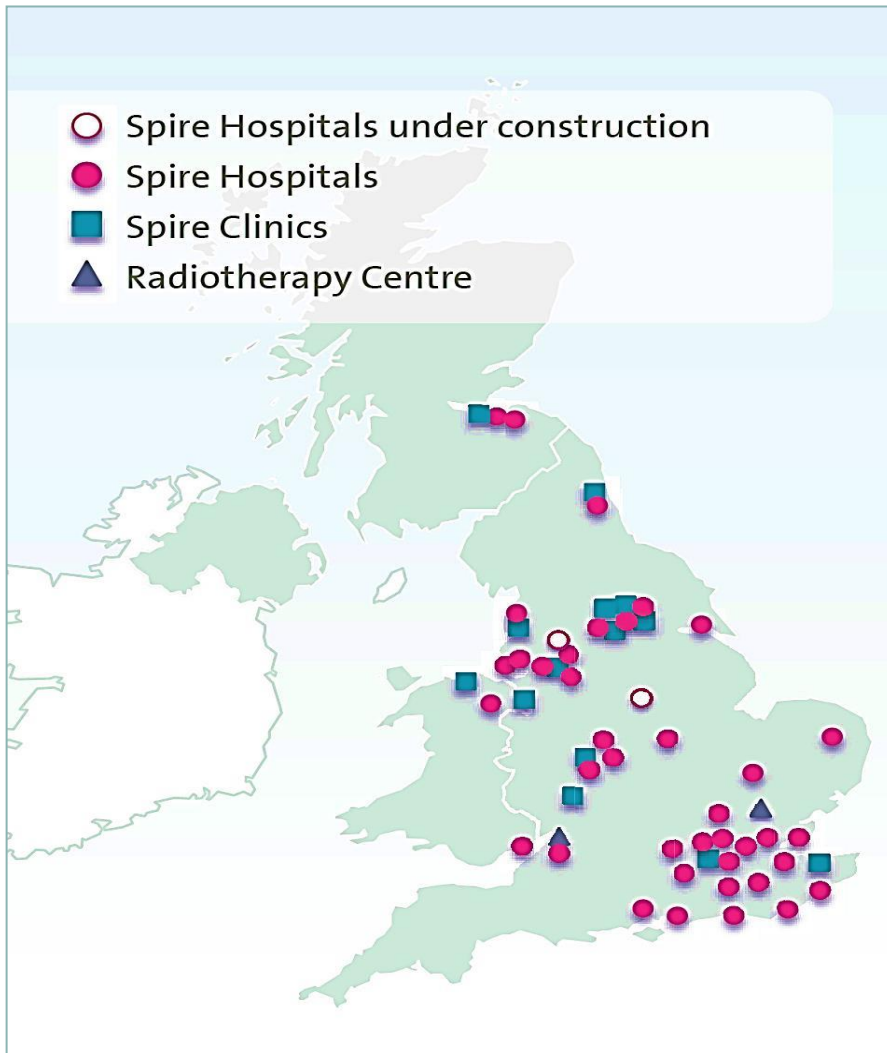
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Introduction

Antony Mannion, IR Director



- Allow Spire's investors and analysts to meet members of Spire's senior management team (other than the CEO/CFO)
- Allow Spire's investors and analysts to gain a better understanding of
 - Spire's relationships with its key business stakeholders
 - How Spire will take advantage of the dynamic opportunities available in UK healthcare
 - Spire's business planning and development processes



Spire is uniquely positioned to capture a growing share of a rapidly expanding UK private healthcare market

Fast growing market arising from persistent and growing demand & supply gap

Well-positioned through a network of well-invested and scalable hospitals

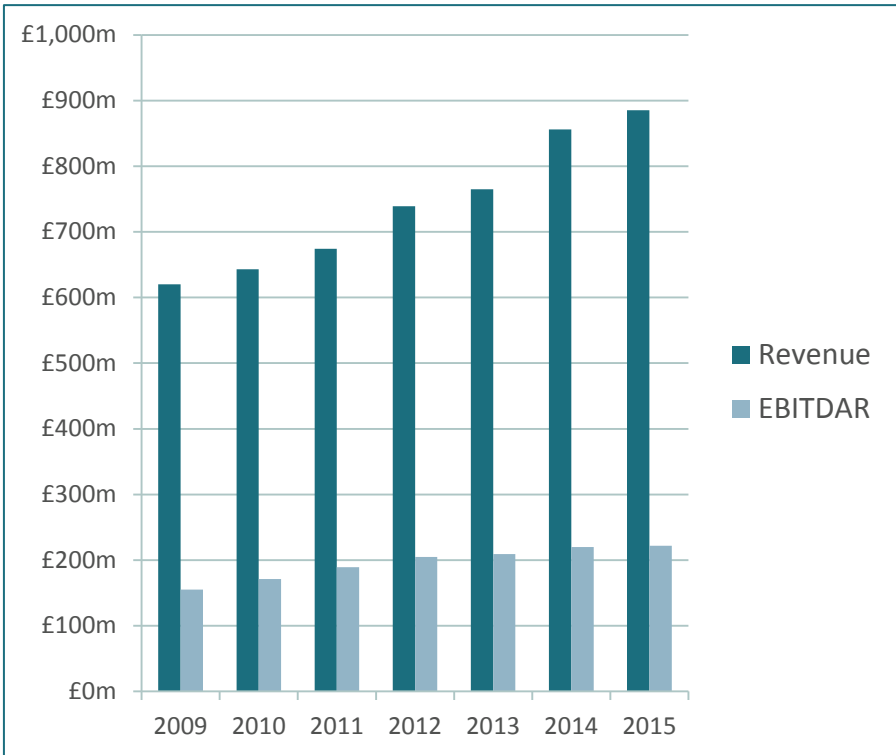
Culture of excellence valued by consultants, GPs, patients and payors

Strong cash flows and balance sheet to finance multiple growth opportunities

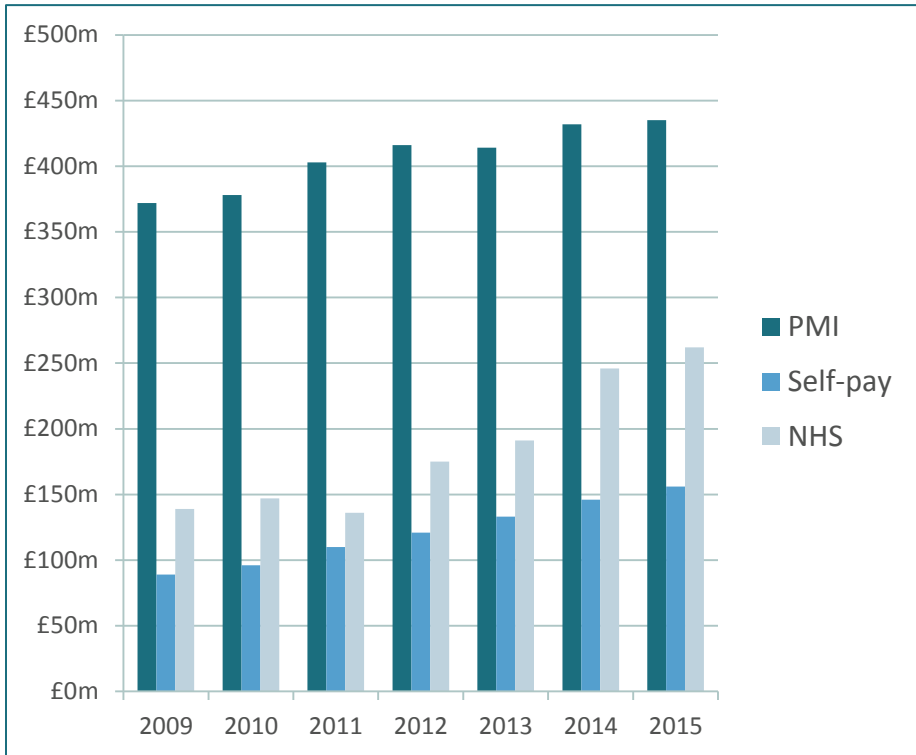
New strategic shareholder supports both the business and our growth ambitions



Revenue & EBITDAR growth (£m) (2009-15)



Revenue growth by payor (£m) (2009-15)



Attractive CAGRs in Revenue and EBITDA since 2009 –sustained growth in all payors

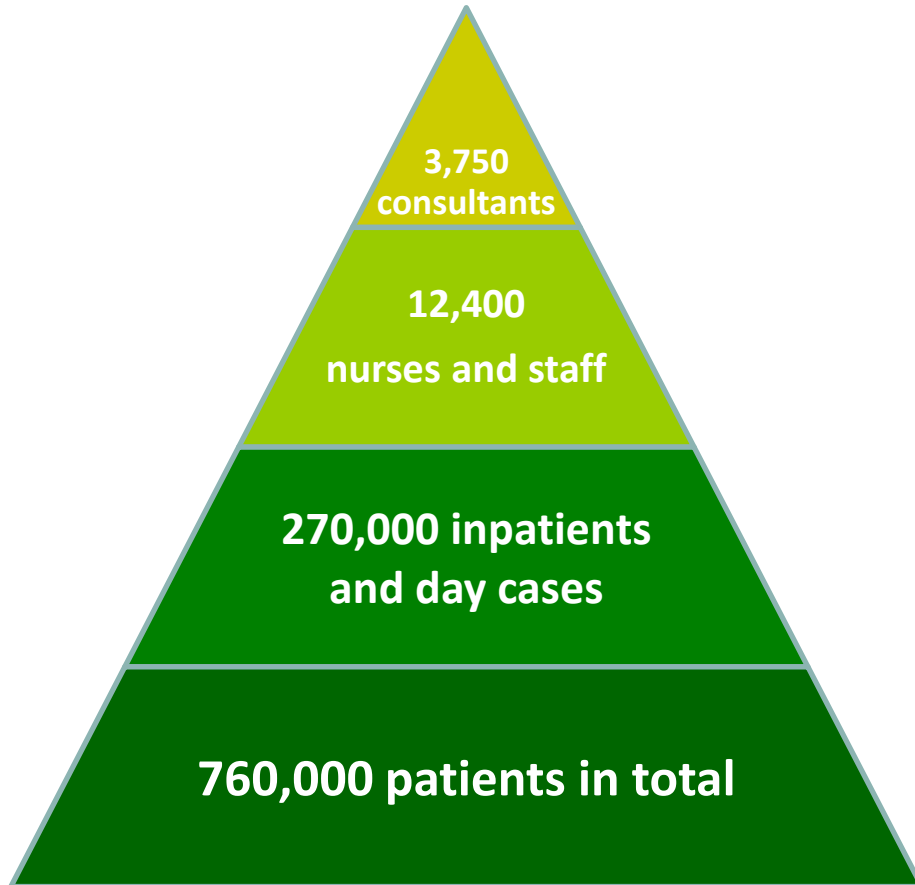


<p>Patient satisfaction: Quality of service The rating of our overall quality of service increased by 5% to 98%</p>	<table border="1"> <thead> <tr> <th>Year</th> <th>Satisfaction</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>98%</td> </tr> <tr> <td>2014</td> <td>93%</td> </tr> <tr> <td>2013</td> <td>92%</td> </tr> <tr> <td>2012</td> <td>92%</td> </tr> <tr> <td>2011</td> <td>92%</td> </tr> </tbody> </table>	Year	Satisfaction	2015	98%	2014	93%	2013	92%	2012	92%	2011	92%	<p>Patients rated the overall quality of service and were included in the measure if they responded 'Excellent' or 'Very good'</p>
Year	Satisfaction													
2015	98%													
2014	93%													
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<p>Consultant satisfaction Consultants are our partners in delivering quality patient care – satisfaction scores were maintained at 79%</p>	<table border="1"> <thead> <tr> <th>Year</th> <th>Satisfaction</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>79%</td> </tr> <tr> <td>2014</td> <td>79%</td> </tr> <tr> <td>2013</td> <td>78%</td> </tr> <tr> <td>2012</td> <td>78%</td> </tr> <tr> <td>2011</td> <td>77%</td> </tr> </tbody> </table>	Year	Satisfaction	2015	79%	2014	79%	2013	78%	2012	78%	2011	77%	<p>Percentage of consultants who rate the quality of service Spire Healthcare provides as 'Excellent' or 'Very good'</p>
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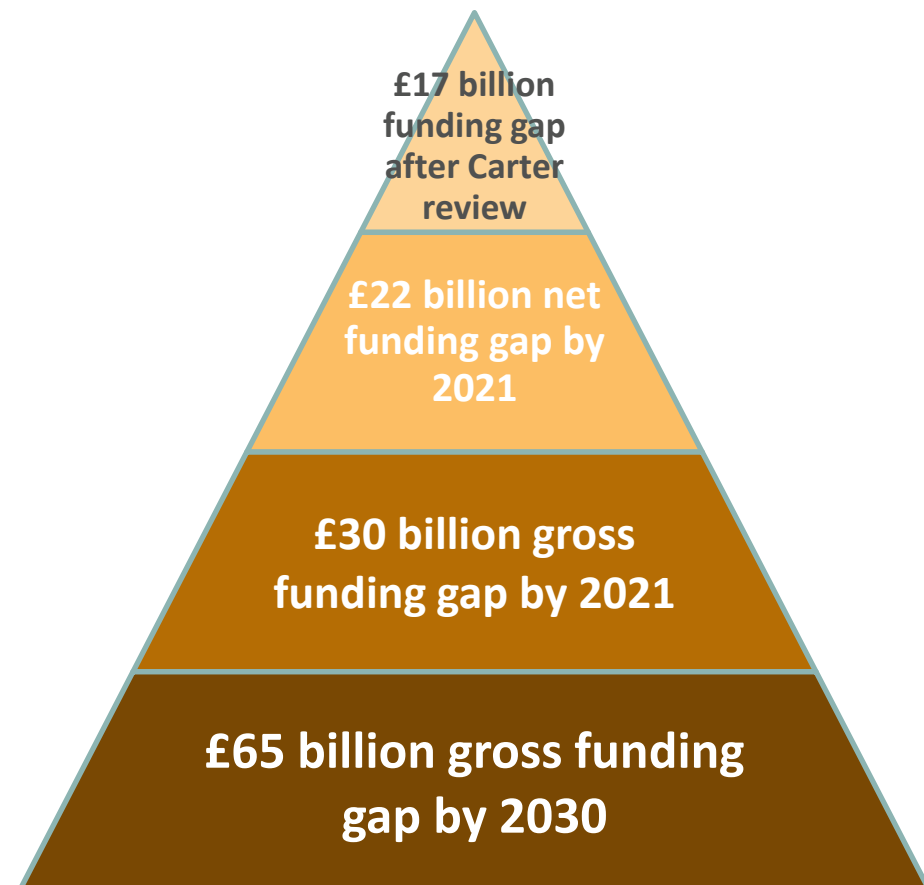


Two contrasting triangles...

Spire's clinical pyramid (2015)

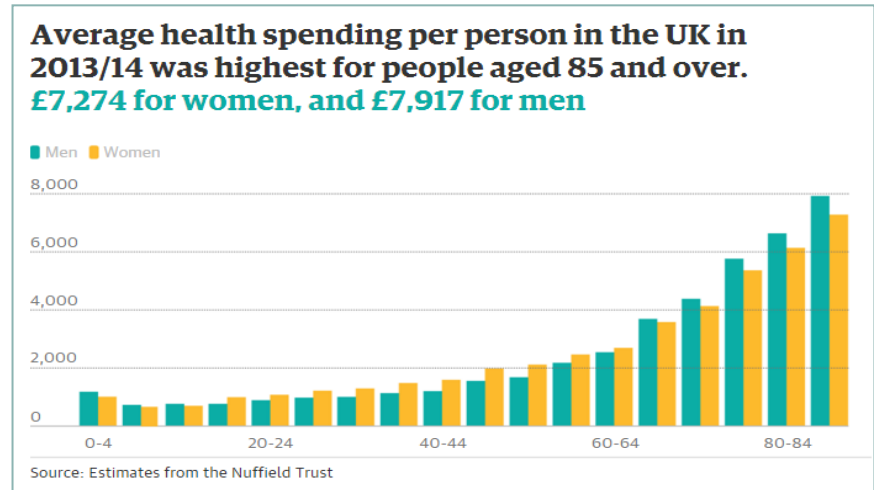
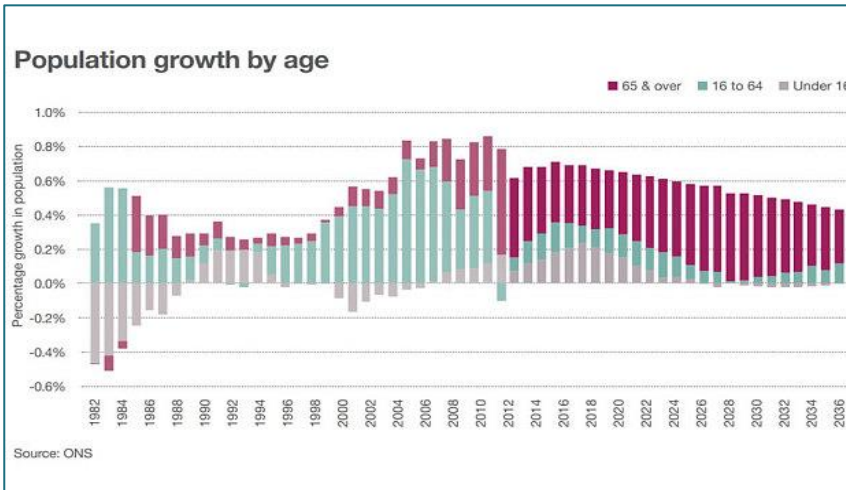
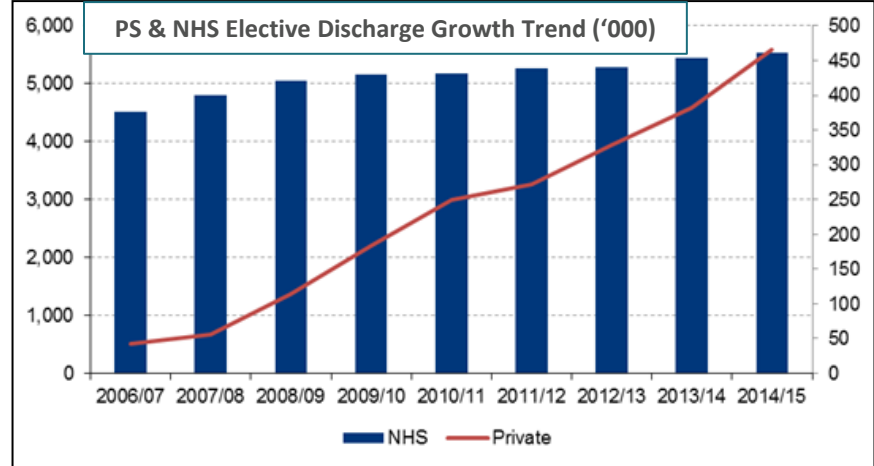
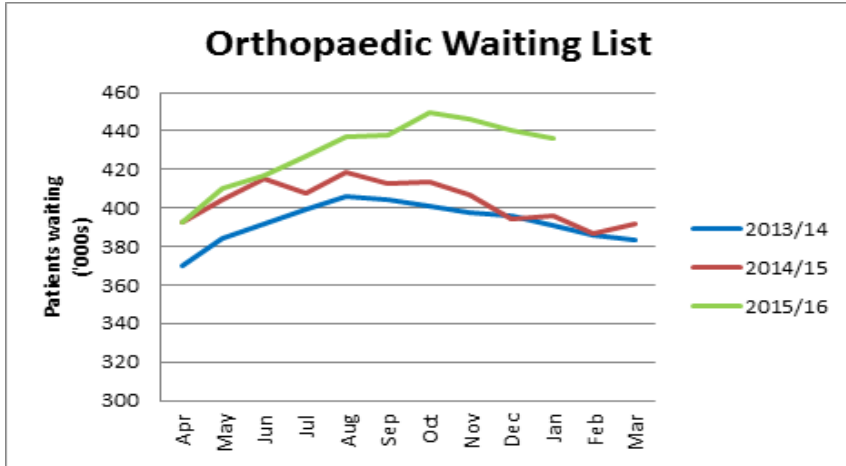


The NHS spending mountain (2015)





...and four charts that tell the Demand story



Today's agenda

Name	Time	Subject
Andrew White, Chief Operating Officer	9.15am to 9.30am	Operational structure
Peter Corfield, Group Commercial Director	9.30am to 10.30am	Payor groups
<i>Refreshments</i>	<i>10.30am to 10.45am</i>	
Andrew White, Chief Operating Officer	10.45am to 12.15pm	Operational overview
Neil McCullough, Business Development Director	12.15pm to 12.45pm	Business Development
Rob Roger, Chief Executive Officer	12.45pm to 1.00pm	Summary



Spire Healthcare

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Operational structure

Andrew White, Chief Operating Officer



Andrew White - COO

■ **Currently:**

- Joined Spire in November 2015 as Chief Operating Officer
- Responsible for day-to-day operational management
- Will be appointed an Executive Director on 1 July 2016

■ **Previously:**

- Served with the REME in Bosnia, Northern Ireland and first Gulf War
- Held senior roles at Serco plc & Nomura PFG after leaving the Army in 1995
- Joined Spire from Serco plc - CEO of UK & Europe division
- Studied at Harvard Business School, the RMA Sandhurst and Leeds University



Due diligence successfully completed on each other

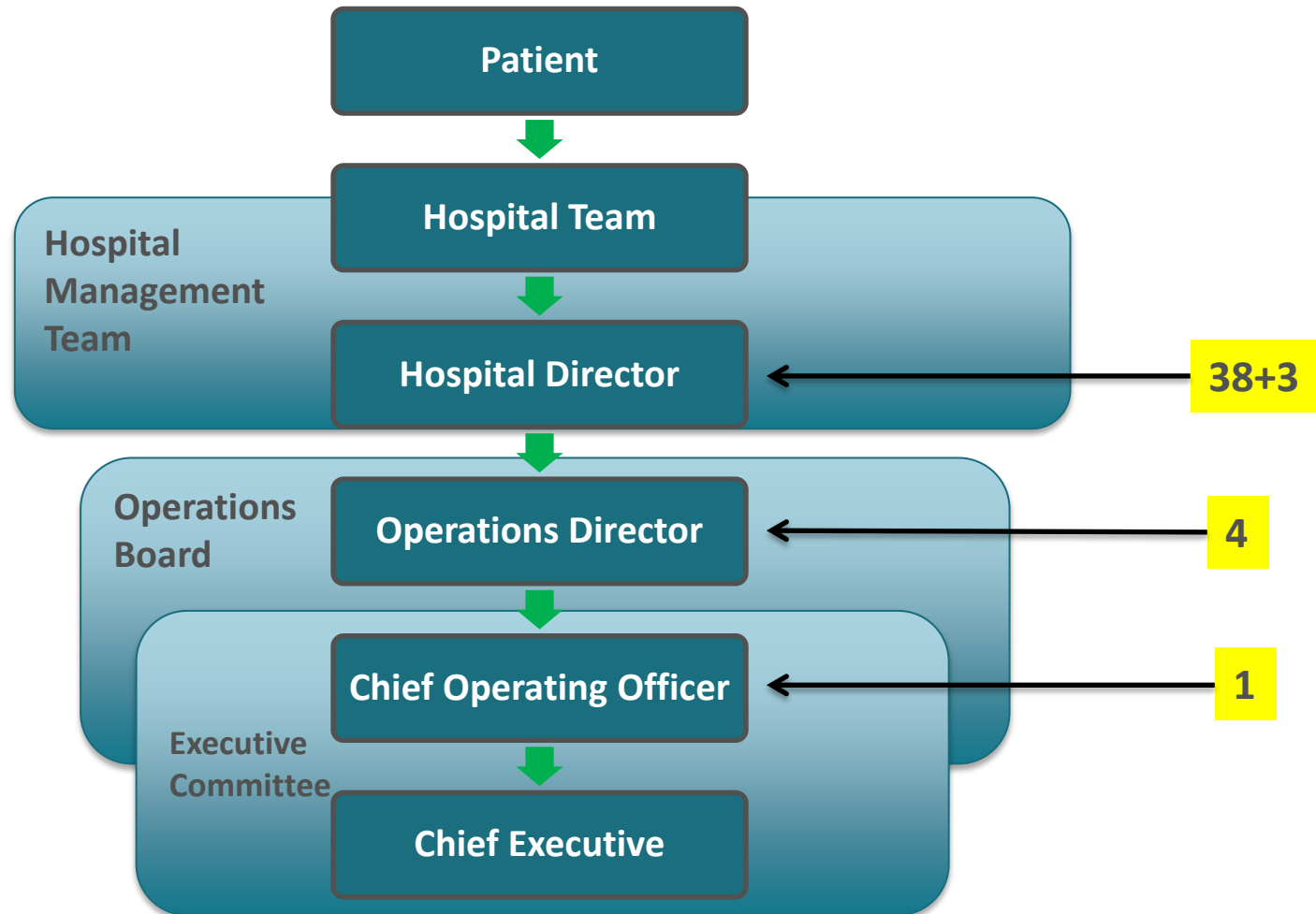
- Great culture – patient and quality first
- Real portfolio – markets and services
- Resilient – well invested, strong management, tested

Good platform, sound strategy, opportunity for improvement

- Engage with business – people, performance, rhythm
- Establish plan for 2016 – structure and focus
- Build 3 year operating plan – evolution not revolution



Where the COO fits in...





Hospital leadership

The Hospital Leadership Team is the building block for the business – each Team is configured to suit the individual hospital

Hospital Director	
Senior Management Team	<ul style="list-style-type: none">• Matron/Head of Clinical Services• Theatre Manager• Operations Manager• Business Development Manager• Finance and Commercial Manager
Heads of Department	<ul style="list-style-type: none">• Clinical Department Managers• Hotel Services Manager• Administration Manager• Facilities Manager

38 hospitals, 38 hospital teams – strength in depth and best practice



Functional leadership

Hospitals are supported by Spire’s functional leaders – the functions are enablers for improvement initiatives and provide professional leadership to functional communities

Marketing and Commercial	Insurer and NHS relationships, pricing and product development, e-Commerce
Finance and Supply Chain	Business analytics, procurement & negotiation, supplier relationships, logistics operations
Development and Projects	Turn-key PM capability, new builds and new services
IT/IS	Infrastructure, integration, security
Human Resources	People Plan and ER/IR support
Assurance	Standards, support and audit

Professional teams supporting hospital delivery and driving quality



Managing the portfolio

	Karen Newton	Rob Anderson	Paul O’Conor	Nicky Amery
Hospitals	Cheshire Dunedin Elland Fylde Coast Hull Liverpool Methley Park Regency Sussex Washington Wirral Yale	Alexandra Clare Park Gatwick Park Little Aston Norwich Parkway Roding South Bank Thames Valley Tunbridge Wells Wellesley Cardiff Leicester Nottingham	Bristol Bushey Cambridge Lea Edinburgh Harpenden Hartwood Leeds Manchester Manchester Didsbury Montefiore Portsmouth St Anthony’s Southampton	
Network Ops		Cancer Services		Pathology Physio Lifescan BUPA Health
Support Ops	Clinical Support		Developments	Health & Safety Engineering JAG
Initiatives	H&AS SPR PHIN	Coding	Clinical Agency	



How we manage the business

Engage with business

- Hospital visits:
 - walk the floor, talk to patients and people
- HD meetings and conference calls
 - monthly and issue driven
- Support Functions - DR and HSC:
 - who are we, what do we do

Focus on performance

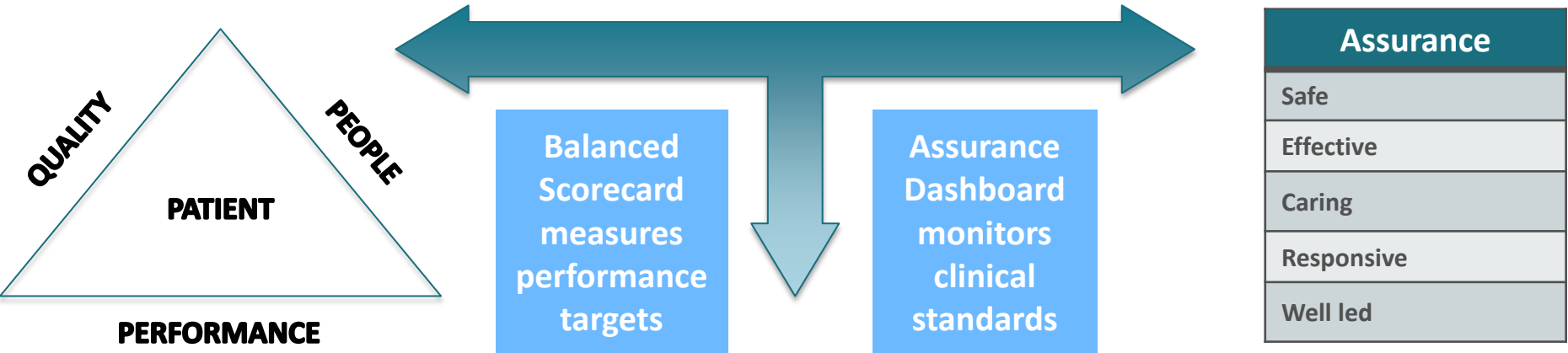
- Transparency:
 - network and by hospital
- Time:
 - analyse, assess, act

Management structure & rhythm

- Weekly Trading meetings:
 - single version of truth, timely, action oriented, informs everyone
- Weekly Operations Board established & running to set agenda
- Monthly Executive Committee meetings
- Monthly HD meetings:
 - themes and interventions
- Simplifying tools and MI

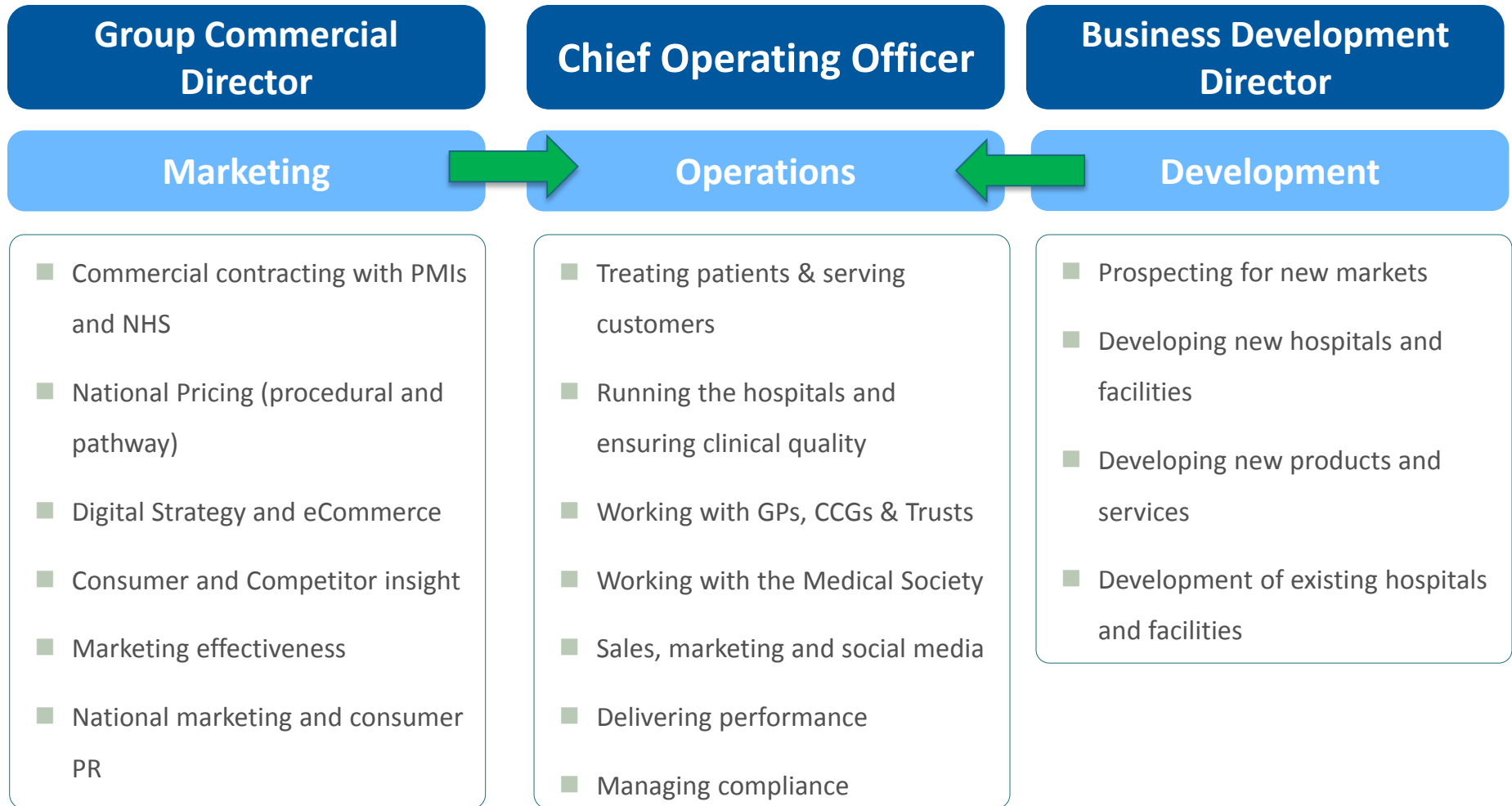


How we manage performance



Performance Management		
Annual	Monthly	Daily
<ul style="list-style-type: none"> • Business Strategy • Quality Strategy • Annual Operating Plan • Clinical Review • People Plan • Personal Objectives 	<ul style="list-style-type: none"> • Management Pack • Lagging KPIs • Leading indicators • Risks and Opportunities <ul style="list-style-type: none"> • Operational • Trading • Functional • Projects 	<ul style="list-style-type: none"> • Referrals • Enquiry conversions • Forecast admissions • Operational KPIs • Forecast discharges

Who does what





Spire Healthcare

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Payor Groups

Peter Corfield, Group Commercial Director





■ Currently

- Joined Spire in November 2015
- Responsible for delivering revenue growth through our three payor groups (PMI, Self Pay & NHS) and identifying new business opportunities
- Team functions include Contracting, Pricing & Marketing & ecommerce

■ Previously

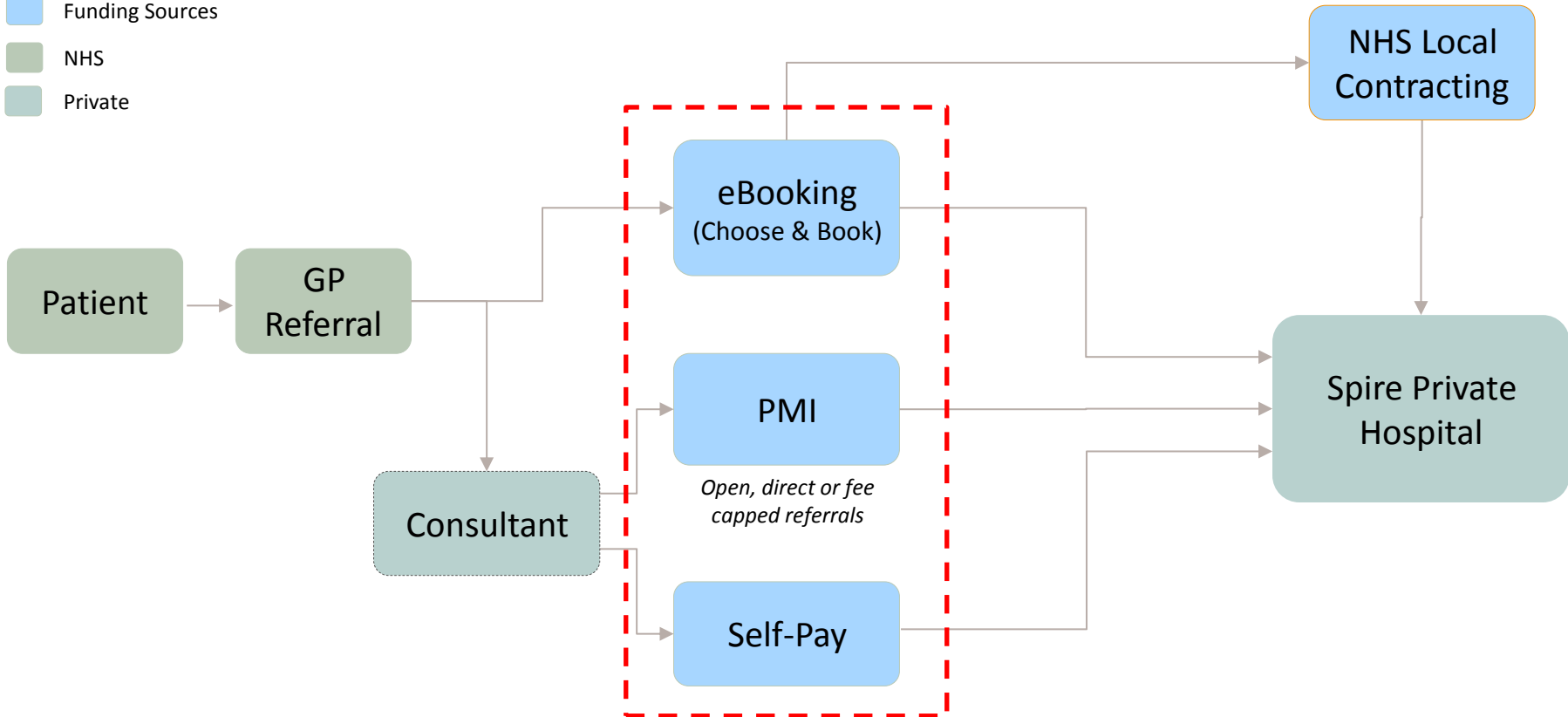
- Held a number of senior executive and board roles within the financial services industry in the UK and internationally, including Zurich Financial Services Group and RBS in various senior roles that covered Europe, Middle East and Japan
- Most recently as Managing Director of Ageas Retail Direct



How Spire gets patients

The UK patient's route to private sector healthcare treatment

- Funding Sources
- NHS
- Private

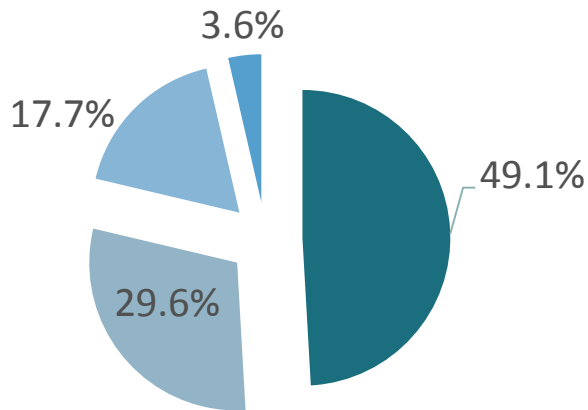




2015 revenues & source

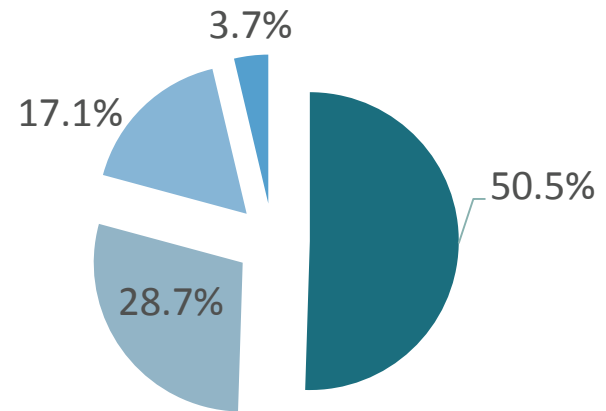
	2015 £m	2014 £m	Growth %
Group revenue	884.8	856.0	3.4%
<i>Acquisitions and disposals</i>	<i>(37.4)</i>	<i>(29.4)</i>	
Underlying revenue	847.4	826.6	2.5%

2015 Revenue Mix



PMI NHS SP Other

2014 Revenue Mix



PMI NHS SP Other



Areas for discussion

- **For each of the payor groups/markets we will discuss:**
 - Current size and status of the particular market
 - Our relationship with key stakeholders (especially the large PMIs and the NHS)
 - How we expect that market to grow
 - How we expect pricing to develop within that market
 - How Spire is working to grow its share of that market
- **We will also explain our GP engagement strategy**



- **Private Medical Insurance**

- Self-Pay

- NHS

- GP Engagement

■ Size and composition of the PMI market

- Two leading providers
- Revenues
- Lives covered (corporate vs individual)
- Spire market shares with PMIs/overall

■ Characteristics of the key PMIs and our relationships with them

- Bupa
- AXA PPP
- Aviva & VitalityHealth
- Smaller players



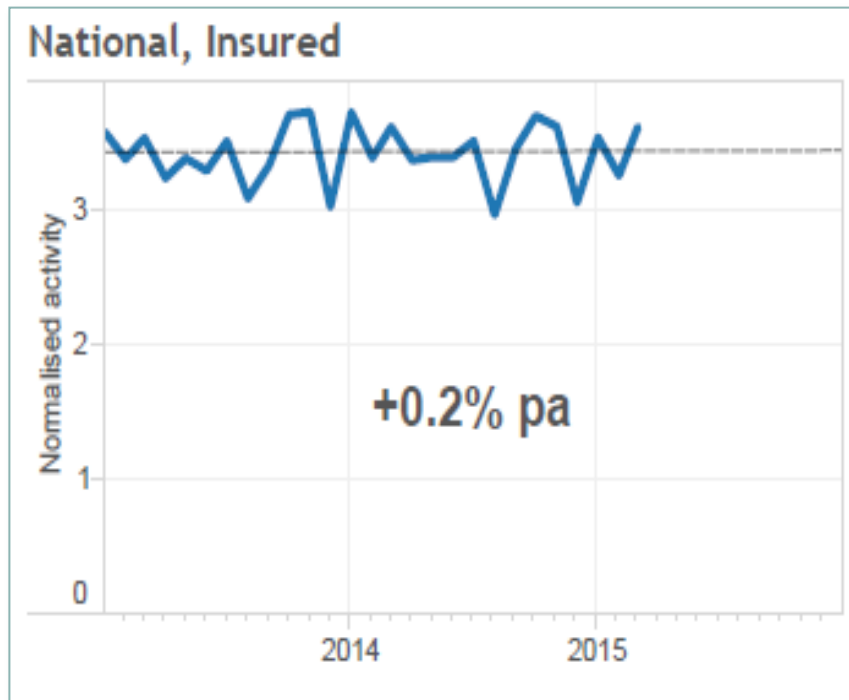
PPP HEALTHCARE



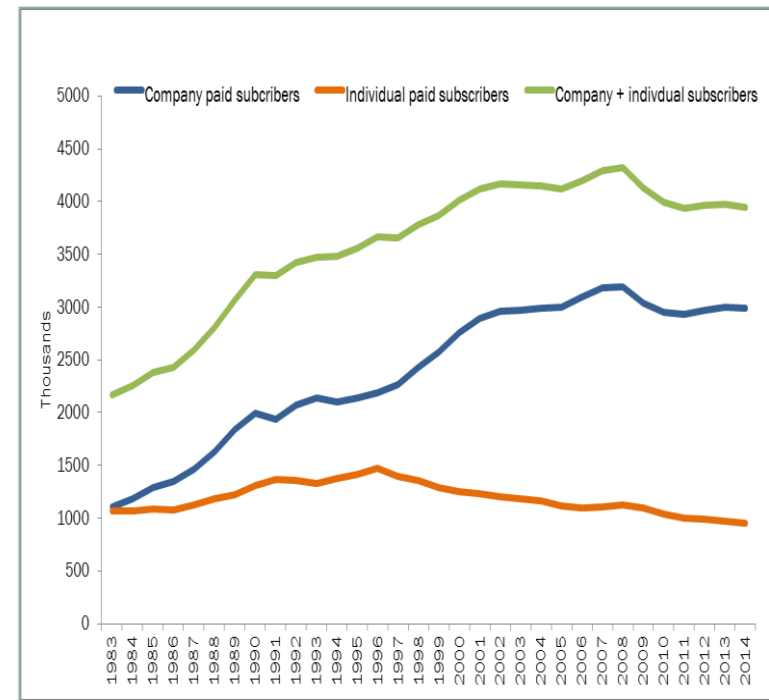
AVIVA



Overall numbers of policies and lives covered is projected to stabilise with loss in individual lives offset by growth in corporate lives



Source: PHIN funding trends Jan 2013-March 2015



Source: LaingBuisson

Spire intends not only to grow its share of the PMI market, but also to work actively with the PMIs to grow the market as a whole

What we are doing to help PMIs grow

- Working together to deliver “value”
- Deliver much needed complexity
- Contractual pricing arrangements
- Leverage consultant relationships
- Invest in technology
- Increasing acceptance of the arguments for corporate coverage

Growing our share of the PMI market

- Fee assured & verified consultants - attracting directed referrals
- Pathway pricing
- Operational efficiency
- Trade margin for volume growth

Examples where we are innovating in the market

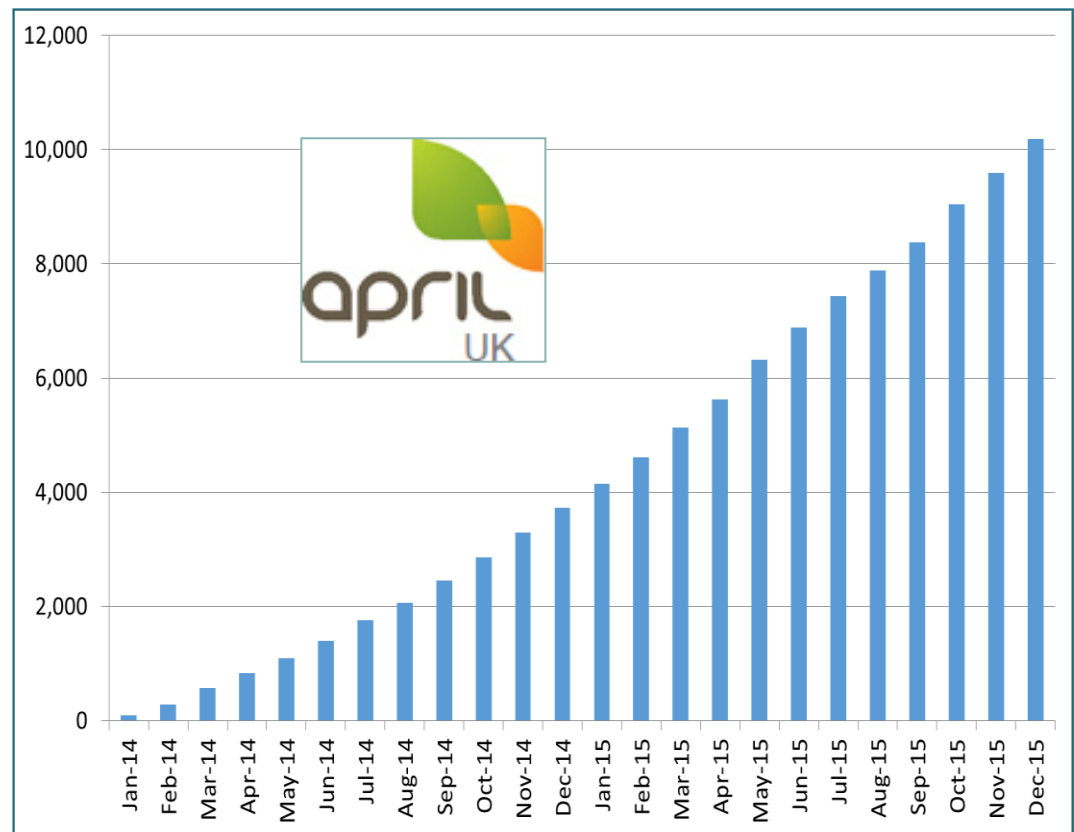
InSpire

- Only use Spire hospitals Underwritten by April UK
- Marketed via regional brokers and direct to Spire customers
- Competitively priced
- 90% new to market

MySpire

- SME proposition
- Self Pay targeting employees
- Helps the employer and the employee

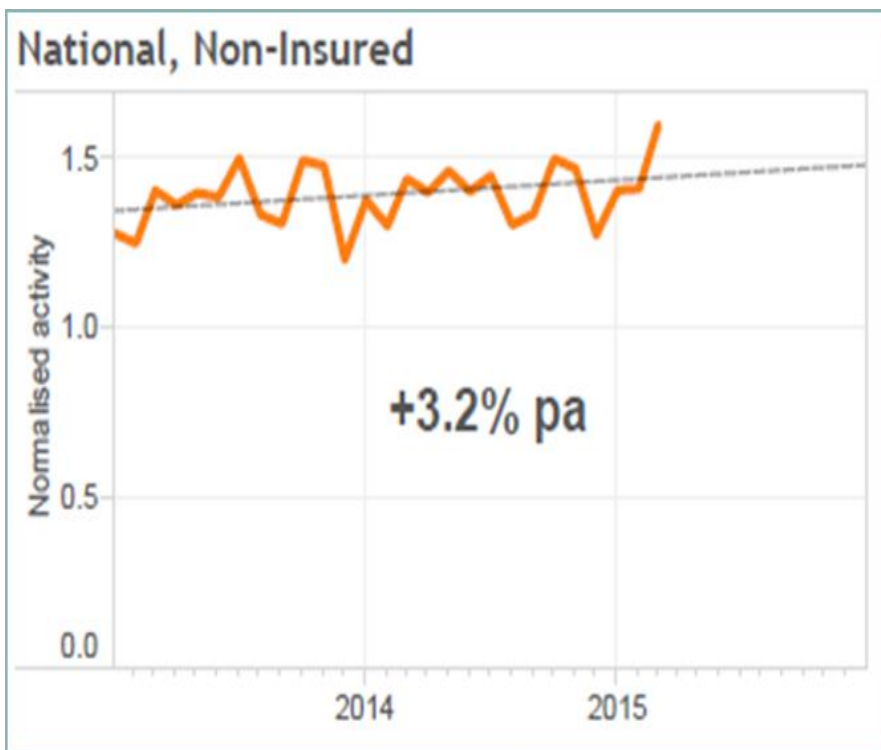
Cumulative Lives Covered By InSpire / April UK (Jan 2014- Dec 2015)



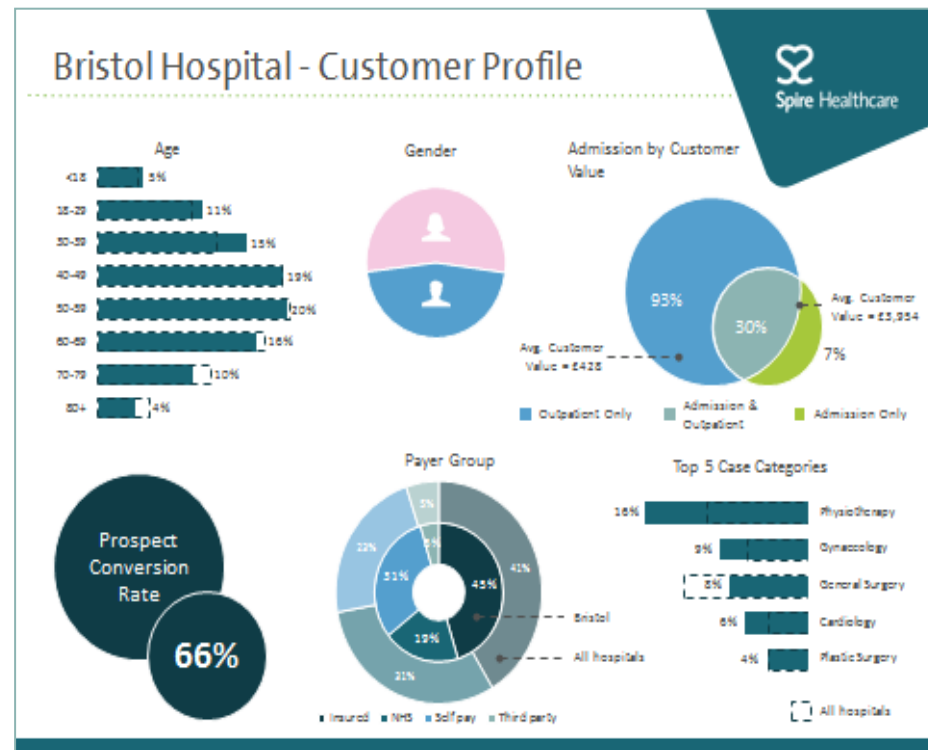


- Private Medical Insurance
- **Self-Pay**
- NHS
- GP Engagement

Self-Pay continues to see healthy growth rates both in London & nationally across an older, more affluent demographic



Source: PHIN funding trends Jan 2013-March 2015



Source: Company Data

Although our Self-Pay business is already growing well, we have the opportunity to accelerate this growth through improvement in marketing and sales

The Proposition

- Appealing proposition
- 15 fixed price procedures with more planned
- Payment options

Marketing

- Local best practice
- Digital marketing skills
- National campaigns

Sales skills

- “Spire Sales Training Programme”
 - All BDMs & CSAs completed course
- Focus on improved conversion

Customer Relationship Management

- New system live (SAP/C4C)
- New & existing Customers
- All payor data

**2015 saw 150,000 enquires processed across our hospitals -
the enquiry to outpatient conversion rate was 30%**

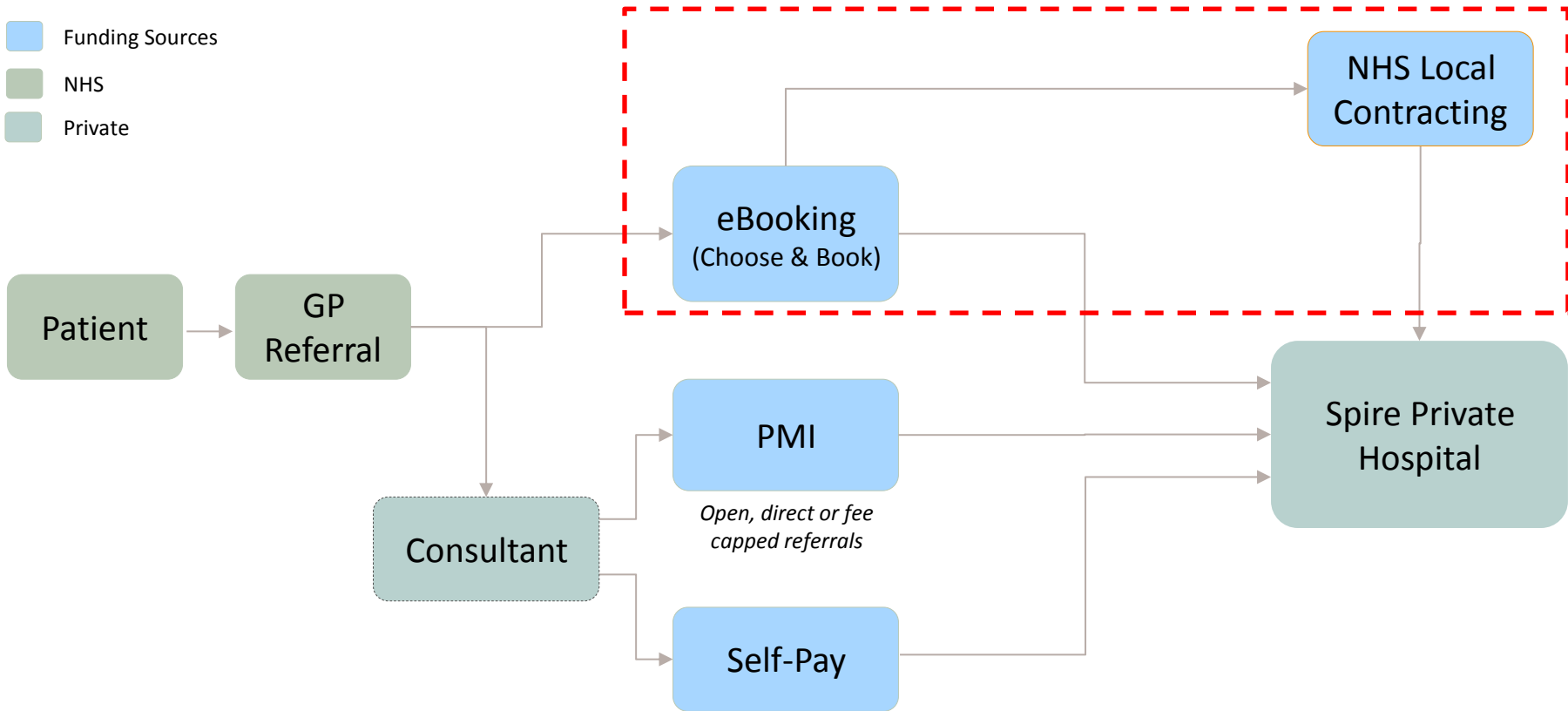


- Private Medical Insurance
- Self-Pay
- **NHS**
- GP Engagement



The NHS patient's route to private sector healthcare treatment

- Funding Sources
- NHS
- Private



Revenues	2015 £m	2014 £m	Growth %
e-Referral	202.7	181.4	11.7%
NHS local	59.3	64.5	(8.1%)
NHS total revenues	262.0	245.9	6.5%

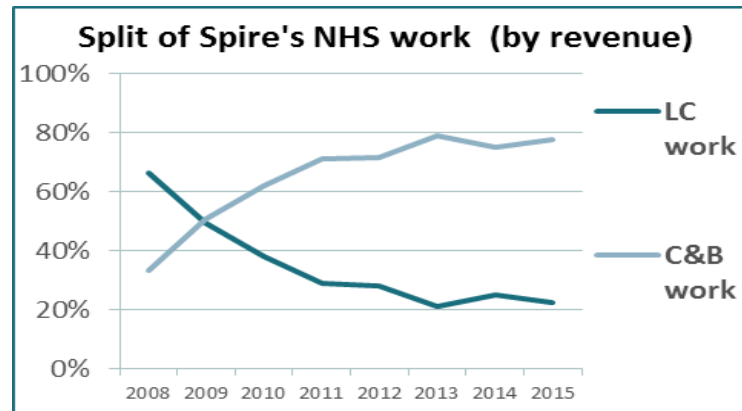
Revenue growth rate	H1 %	H2 %	2015 Total %
e-Referral	12.0%	11.5%	11.7%
NHS local	28.9%	(36.4%)	(8.1%)
NHS total revenues	16.1%	(2.1%)	6.5%

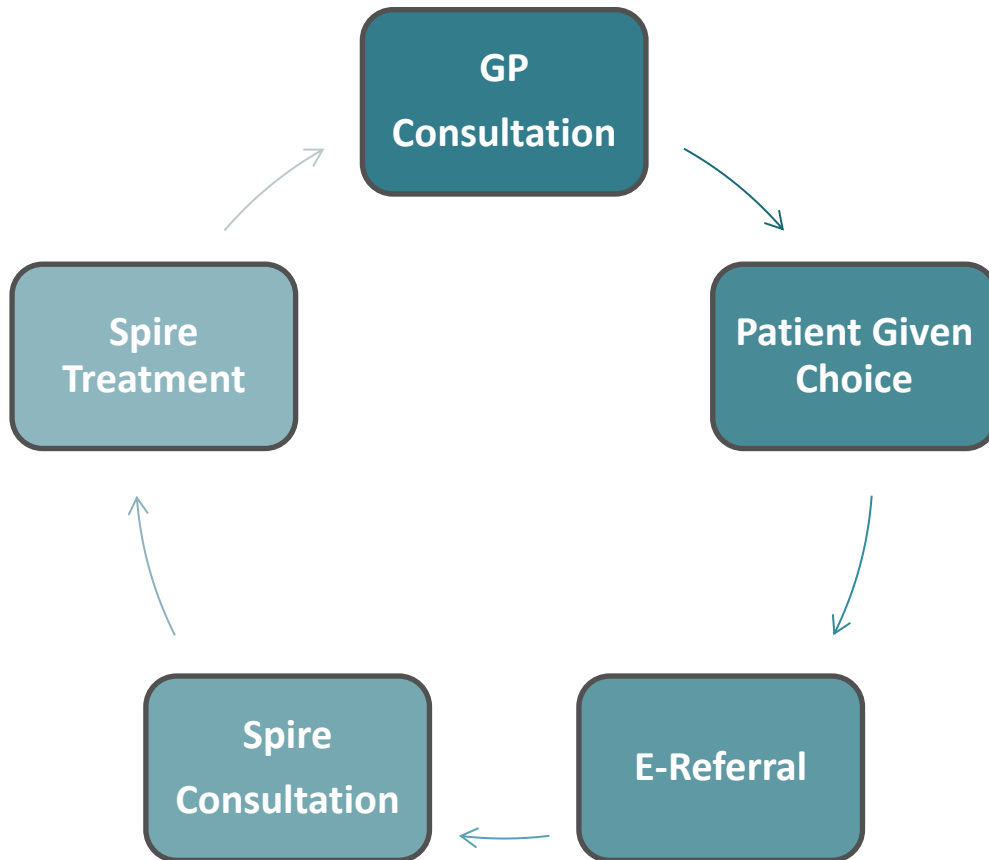
- The current balance of Spire's NHS work is **c.80% "e-Referral"** (for patients requiring elective surgery) and **c.20% "local contract"** (transfers from NHS trusts waiting lists)

■ Primary & Complex Specialties

Orthopaedics	General Surgery	Cardiac Surgery
Ear Nose and Throat	Gynaecology	Spinal Surgery
Urology	Pain management	Cancer Surgery
Endoscopy		Bariatric Surgery

■ Long Term Strategy





Why would Spire be the patient's choice?

- Location
- Low waiting times and clear 18 week pathway
- Clinical outcomes
- Quality of stay
- Overall satisfaction

Spire Hospitals are all ...

- Contracted by CCGs
- Provide full pathway
- Paid at NHS tariff
- Outpatients/Diagnostics
- Procedures

The commencement of PHIN (Private Healthcare Information Network) will make more patients aware of the Spire difference

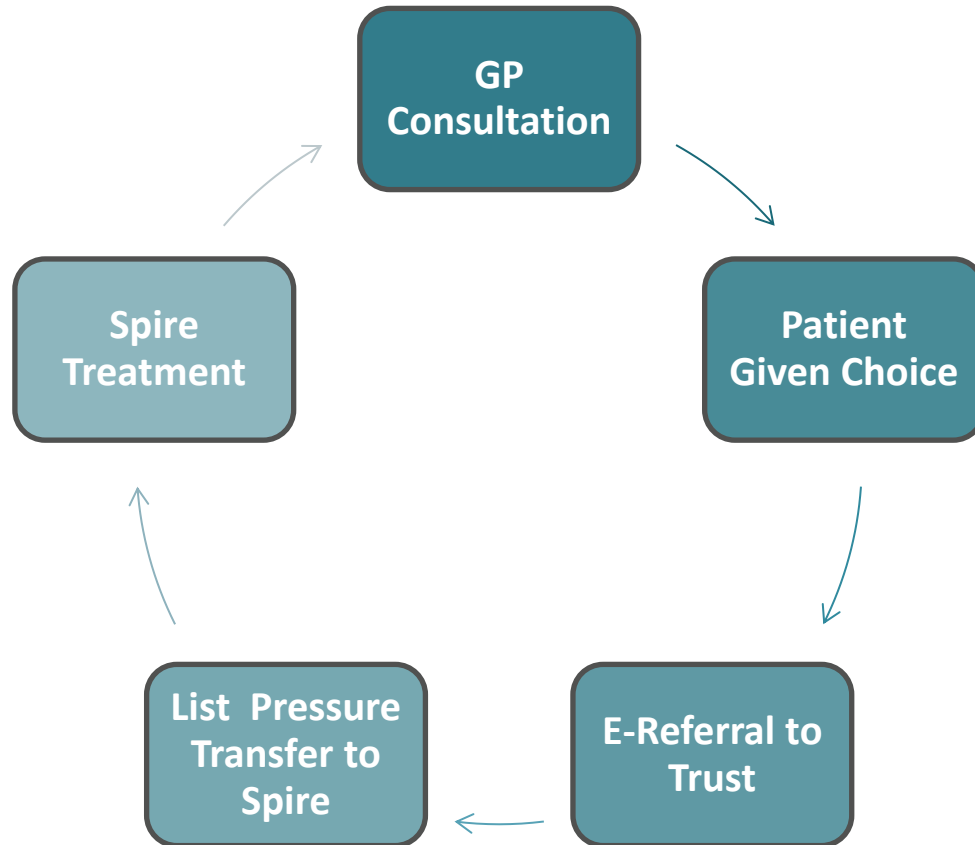
e-Referral gives a distinct advantage to Spire over the paper process - is being actively promoted by recently announced Government funding

NHS England promoting e-Referral

- GPs benefit financially for increased use of the system
- Currently
 - c.50% of patients are referred for hospital appointments electronically
 - This is intended to increase rapidly to 60% by September 2016, 80% by 2017 and 100% by 2018

Why is this good for Spire?

- 100% of our services are on e-Referral for “Direct Booking”
- We already receive approximately 65-70% of our referrals electronically
- As more GPs use e-Referral they will
 - directly see our shorter wait times
 - be prompted to offer choice to patients



How the LC business works

- Patient chooses Trust through e-Referral
- Trust lacks capacity, faces 18 week pathway breaches & contract penalties
- Trust sub-contracts to Spire
- CCG pays Trust who pays Spire – at NHS tariff

How Spire maximises LC volumes

- Centrally and locally monitor Trust waiting times for signs of pressure
- Maintain dialogue locally with Trusts, offer capacity

We expect the proportion of waiting list work for Spire to continue to reduce from its current c.20% of Spire's NHS revenues

■ How tariff is set

- Monitor is responsible for background economic research to set National Tariff
- NHS England supports and ensures that the NHS Standard Contract and Tariff are set to “support efficient and effective commissioning of services”
- Tariff is reviewed and set annually based upon “Provider Reference Costs” (2 year lag)
- Intention is to move towards multi-year tariffs underpinned by a value “flight path”

■ Timing

- Each Autumn Monitor signals the trajectory for the tariff from the following 1 April
- Around year end Monitor publishes a draft tariff reflecting the reality of the economics across the hospital provider community

Spire will continue to reflect a low side position until final tariff is published



- Private Medical Insurance
- Self-Pay
- NHS
- **GP Engagement**

To grow sales in all our payor groups, Spire has a comprehensive and dynamic programme of education and outreach for GPs and other healthcare professionals

■ What we did in 2015

- Over 1,100 workshops/seminars /training events were held
 - These are run by the BDMs at all 38 Hospitals supported by 40 GP Liaison Officers
 - Consultants also participate alongside Spire representatives
- Around 18,000 GPs and other healthcare professionals attended one or more of the events

■ Messages delivered to GPs and healthcare professionals

- Re NHS: Our provision is consultant delivered, completed within 18 weeks and at NHS tariff
- Re PMI: Ask patients if they have PMI cover, to get immediate care and save the NHS money
- Re Self-pay: Our treatment is easily accessible and quick - where NHS procedures are locally restricted or waiting lists are long, ask patients if they would be interested to self-pay
- Overall: The independent sector is a safe and reliable alternative to the NHS

Summary

Unlike some other hospital groups, Spire will continue to support a three payor strategy – with the inherent hedge it provides

- **PMI** growth will continue to be modest but Spire is well placed to leverage this payor through strategic relationships with leading PMIs
- **Self-pay** remains a strong growth opportunity and we are investing in the capability to leverage this opportunity
- **NHS** will grow through our core e-Booking channel – while we will continue to be selective around procedures to protect margin
- **GP relationships** remain key in the medium term for all three payors - therefore we will continue to invest in our capability to foster and educate

The outlook for 2016 and beyond is for growth in all three payor groups



Spire Healthcare

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Operational overview

Andrew White, Chief Operating Officer



- **Building the business plan**
- Being safe and clinically effective
- Attracting and retaining talent
- Improving the business



Building the business plan

Process

- Picks up, builds on and closes out current planning process
- 3 face to face HD meetings: big picture, growth, operations
- Adjusted for individual context, best practice and economies of scale
- Template driven, consistency of information, forced pace to output
- HD 121 presentation to Ops Team

Outcome

- Consistent set of detailed business plans by hospital
- Clear targets, risks and opportunities by hospital and across network
- Improvement initiatives embedded into hospital profit & loss and HD targets
- Line of sight from strategy to delivery – 2016 and beyond



Turning strategy into a plan

Our strategic pillars



1. To drive **strong growth** through a clear focus on our **three payor groups**



2. To **maximise utilisation** of existing sites by **growing volumes**



3. To **develop new sites and services**



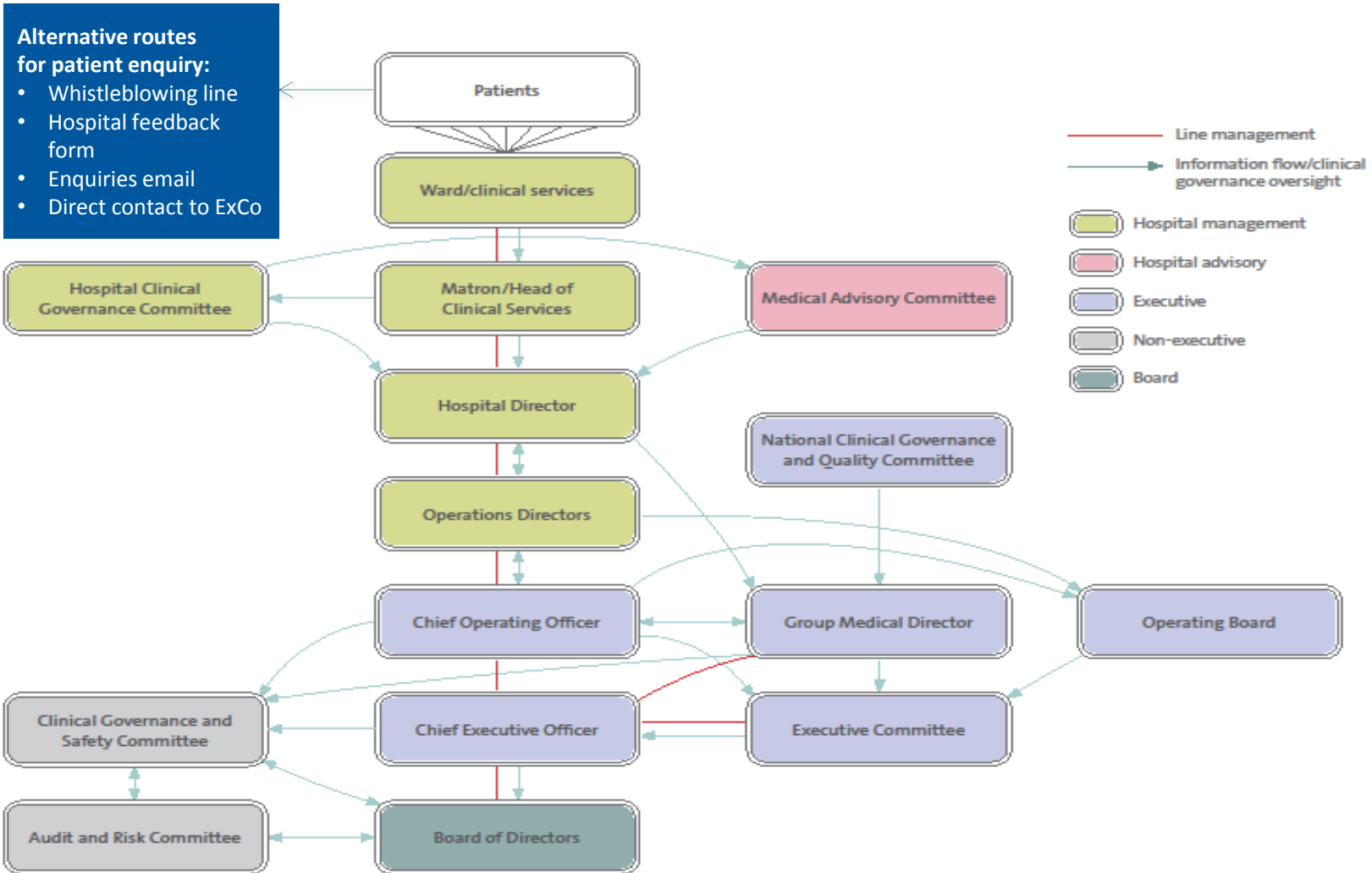
4. To **drive efficiency and improve productivity**

Our Operational Goals	Actions and Measures
1. Safe and clinically effective	<ul style="list-style-type: none"> • Get to CQC Inspection rating Good or Outstanding • Quality KPIs in the balanced scorecard
2. Attract and retain talent	<ul style="list-style-type: none"> • Grow the leadership to be fit for the future • Roll out on-going targeted recruitment campaigns • Staff engagement KPI in the balanced scorecard
3. Grow the existing business	<ul style="list-style-type: none"> • Grow demand through national and digital marketing • Use CRM to improve local relationships and selling • Performance KPI in the balanced scorecard
4. Improve the existing business	<ul style="list-style-type: none"> • Spire Management System to drive quality, productivity, efficiency • Leverage investment in technology, utilisation and capacity in estate • Performance and consultant satisfaction KPIs in balanced scorecard
5. Develop new business and services	<ul style="list-style-type: none"> • Transition new hospital developments into full operations • Leverage Radiotherapy capability across network • Roll out expanded GP services across network

- Building the business plan
- **Being safe and clinically effective**
- Attracting and retaining talent
- Improving the business



Clinical governance





Clinical assurance

**We actively embrace Regulation –
exacting levels of Regulation provide high barriers to entry and a competitive
advantage for Spire vs other private providers and the NHS**

■ **Comprehensive approach following
acknowledged best practice**

- Assurance approach mirrors CQC approach
- Assurance framework all encompassing
- Checks and balances in Patient Pathway end to end
- Ward to Board: clear lines of accountability

■ **Focus on clinical at all levels of the organisation**

- Strong clinical leadership and governance at hospital
- Broad range of tried and tested patient pathways
- Culture of learning and support within the network
- Breadth and depth of clinical assurance resources

The Spire ethos – clinical excellence is key in all that we do

- Building the business plan
- Being safe and clinically effective
- **Attracting and retaining talent**
- Improving the business



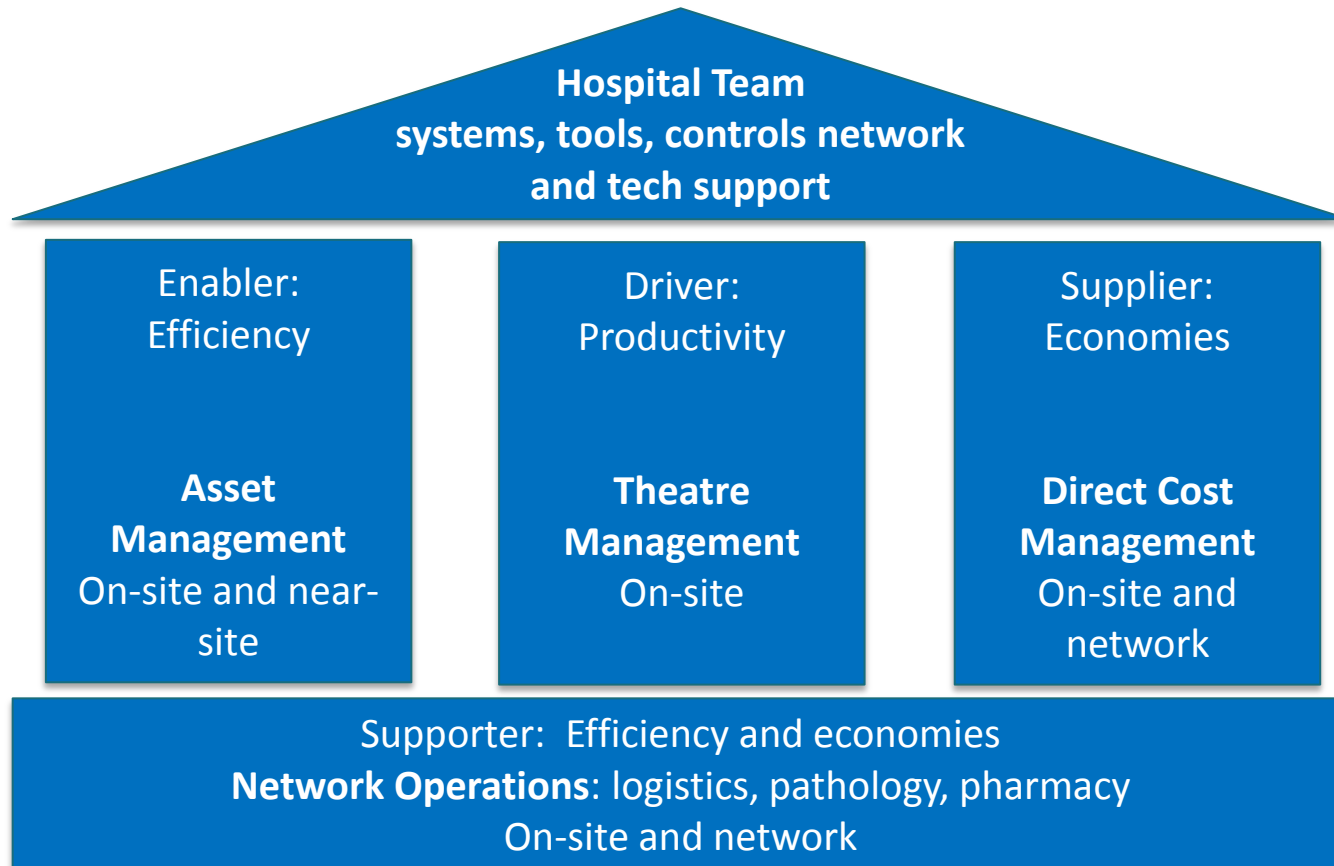
People plan

What	How	Why
Recruitment	<ul style="list-style-type: none"> ▪ Mix of in-house and 3rd party resource ▪ Specific strategies for vacancy type ▪ Local market strategies ▪ Compelling Employee proposition 	<ul style="list-style-type: none"> ▪ Recruit into network and new builds ▪ Hard to fill vacancies vs general ▪ Regional variations, ▪ <u>Short term critical success factor</u>
Workforce Planning	<ul style="list-style-type: none"> ▪ KPI Driven ▪ Monthly lag and lead indicators ▪ System developments and solutions ▪ Linked to Theatre Management ▪ Drives development in roster and establishment 	<ul style="list-style-type: none"> ▪ Best practice and learning transfer ▪ Skill Mix management ▪ Drives vacancy requirement
Resource Management	<ul style="list-style-type: none"> ▪ KPI Driven ▪ System developments ▪ Real time management ▪ Standard method local implementation 	<ul style="list-style-type: none"> ▪ Optimises permanent, temporary, bank and agency staff ▪ Productivity and efficiency
Talent Management	<ul style="list-style-type: none"> ▪ Performance calibration ▪ Potential calibration ▪ Development framework ▪ Grow our own initiatives 	<ul style="list-style-type: none"> ▪ Strong foundation ▪ Expanding network and services ▪ Build pipeline and bench ▪ <u>Long term critical success factor</u>

- Building the business plan
- Being safe and clinically effective
- Attracting and retaining talent
- **Improving the business**



Spire management systems



“The right people in the right theatre with the right kit at the right time – every time”



Theatre management

Currently 121 theatres at a 63% utilisation rate (2015, based on 5.5 working days pw)

What	How	Why
<ul style="list-style-type: none"> • Optimise throughput • Streamline processes • Leverage capacity • Manage rota 	<ul style="list-style-type: none"> • Theatre scheduling • Theatre utilisation • Theatre optimisation • Consultant practice • Team practice 	<ul style="list-style-type: none"> • Improve quality • Increase capacity • Reduce cost per theatre hour • Operational leverage • Optimise skill mix • Optimise equipment utilisation

- Key Business Priority for 2016: already in train
- Next step in on-going strategy, builds on SAP, existing KPIs and analytics
- Whole team integrated, practical approach based on proven experience

- Helps with and benefits from good consultant relationships
- Enhances patient experience & pathway efficiency
- Leads to greater integration in management system

Drives competitive advantage and value - is the anchor for Spire Management System



Direct cost management

Better management of logistics, procurement and supply chain

What	How	Why
<ul style="list-style-type: none"> • Leverage volume & spend • Implement standardisation & Rationalisation of prosthesis and consumables • Optimising stock holdings across the network 	<ul style="list-style-type: none"> ▪ Procurement negotiation ▪ Bar-coding ▪ Kits and Packs ▪ Predictive stock management ▪ Proactive supply chain management 	<ul style="list-style-type: none"> ▪ To reduce item costs ▪ Assure product quality ▪ Reduce unit and handling costs ▪ Reduce stock holding and obsolescence ▪ Leverage economies of scale ▪ Reduce waste and improve efficiencies across the supply chain

- Key Business Priority for 2016 and 2017
 - Leveraging enhanced SAP functionality
- Real-time stock and distribution management

- Procedure and consultant specific kits and packs
- Reduces overall pathway cost
- Leads to integrated stock management system linked with theatre management

Competitive advantage and value: responsive service, economies of scale, efficiency



Asset management

Improved utilisation of clinical assets

What	How	Why
<ul style="list-style-type: none"> • Optimise throughput • Leverage capacity • Manage rota 	<ul style="list-style-type: none"> ▪ Bed management ▪ Consulting Room management ▪ Diagnostic imaging management 	<ul style="list-style-type: none"> • Improves patient experience • Optimises patient pathway • Ensure availability • Optimise skill mix & equipment utilisation

- Emerging priority for 2016 based on success of theatre management activity
- Unlocks utilisation opportunities in existing estate
- Informs investment priorities
- Improves consultant experience and distribution management

Right resources available at the right time



Summary

Strong leadership, a devolved culture and a proven management system enable Spire to deliver the best for our patients, our consultants and our people

- **Customer and stakeholder relationships** are at the heart of Spire's business proposition
- **Our strong focus on clinical matters** makes Spire clinically safe and provides excellent clinical outcomes – and also gives us the confidence to take on more higher acuity work
- **We have resilient EBITDA margins** through our ability to leverage our fixed cost base even where we have variable payor and procedure mix
- **Our conversion of EBITDA to operating cash flow is very high** – enabling us to fund our ambitious business development programme (with the possible exception of Central London) without recourse to investors or over-extending debt ratios

Consistently applying best practice along the patient pathway and across the network enables Spire to continue to grow revenue and maintain margin



Spire Healthcare

5

Business development

Neil McCullough, Business Development Director





■ **Currently**

- Joined BUPA in 1993
- UK Membership – Senior sales and Relationship Management roles
- BUPA Hospitals – Hospital General Management
- BUPA Wellness – Sales Director
- BUPA Hospitals then Spire Healthcare – Hospital Director
- Spire Healthcare - Group Development Director (from Summer 2011)

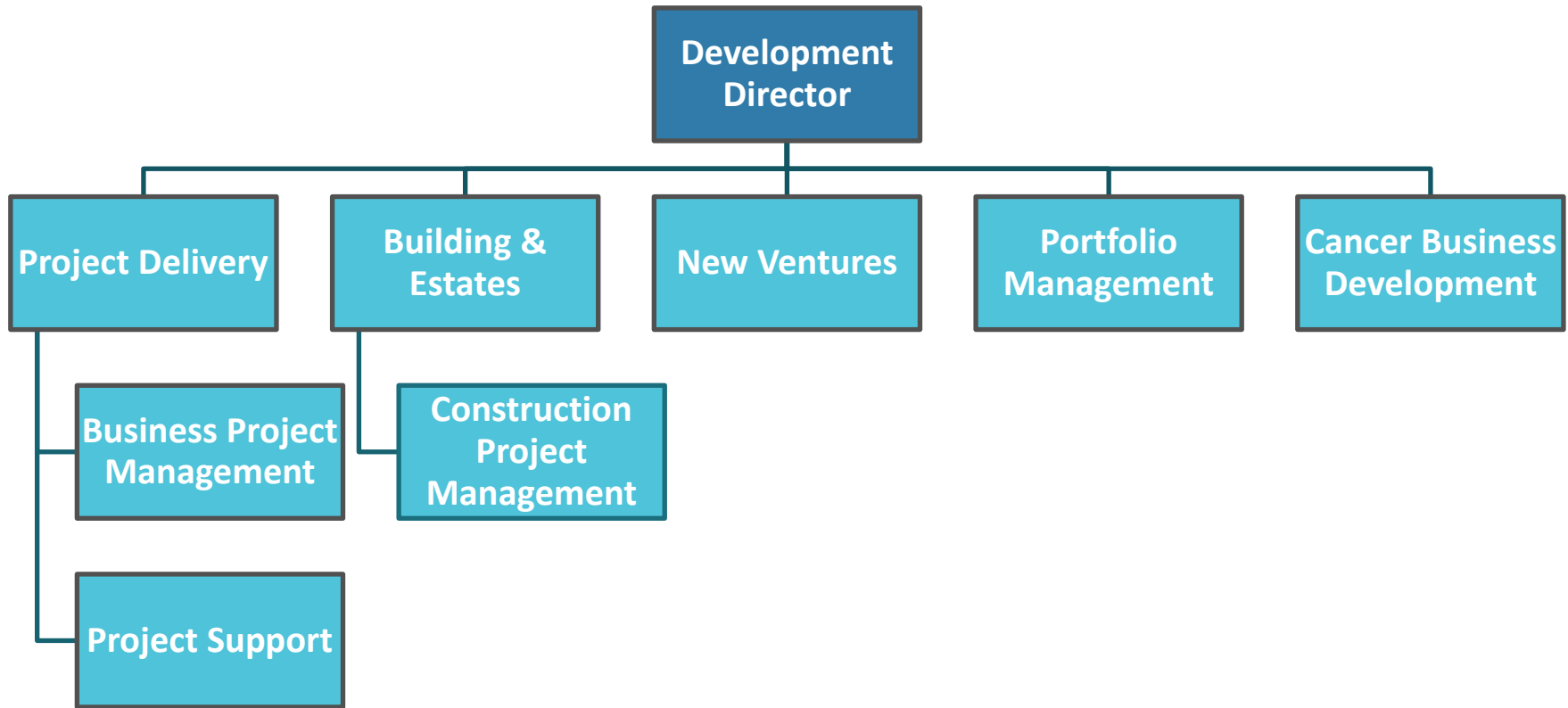
■ **Previously**

- Trained as an accountant with an early career in Finance and Banking

- **Role of Spire's Business Development team**
- Planning and executing new projects
- Update on current projects
- Spire's cancer strategy
- Central London



Spire's BD team





Responsibilities

Local

Group

Sustain

Develop

Existing

New mkts/share

- Engineering/ Plant
- Diagnostics/ Imaging
- Refurbishment
- Equipment replacement

- New kit
- New services
- New configurations

- Theatres
- ITU/HDU
- Beds
- OPs
- Major kit
- New services

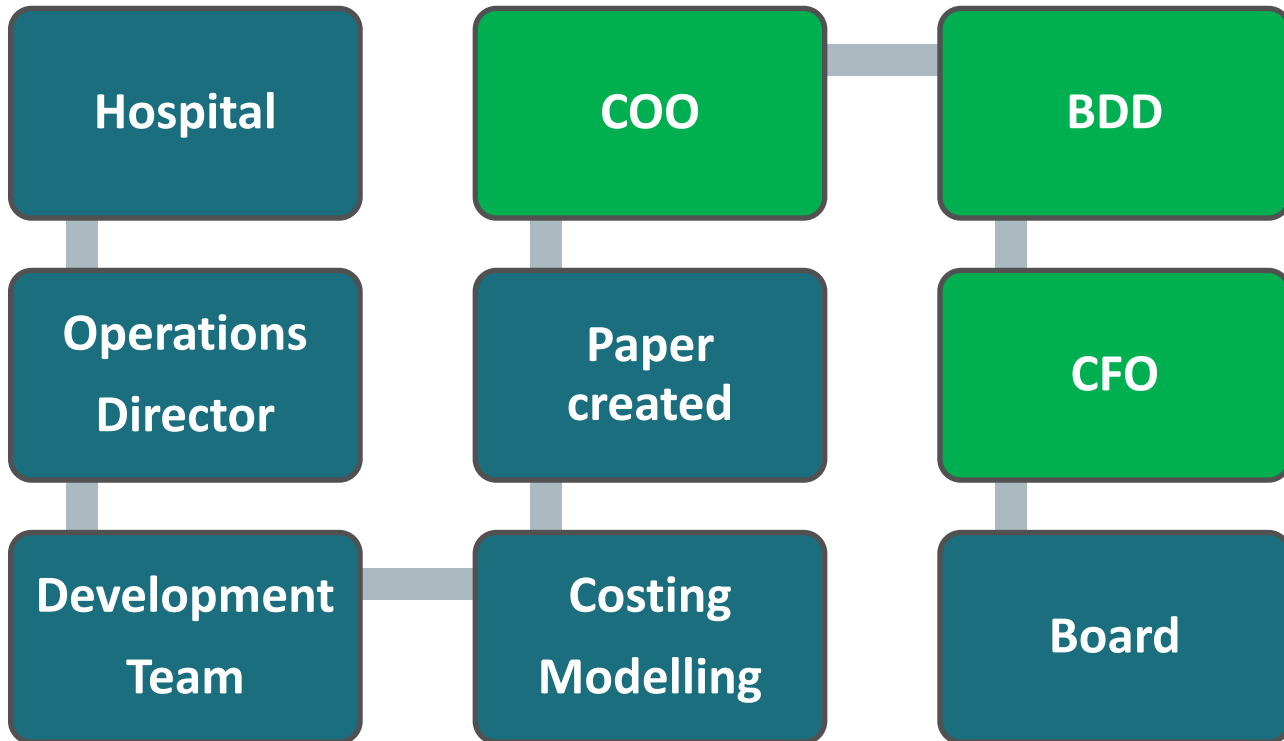
- Hospitals
- Clinics
- Specialist Centres
- Service lines

All schemes over £1m require Board approval - we appraise them as to how schemes are performing against the approved business case, at 12, 24 and 36 months & longer as appropriate

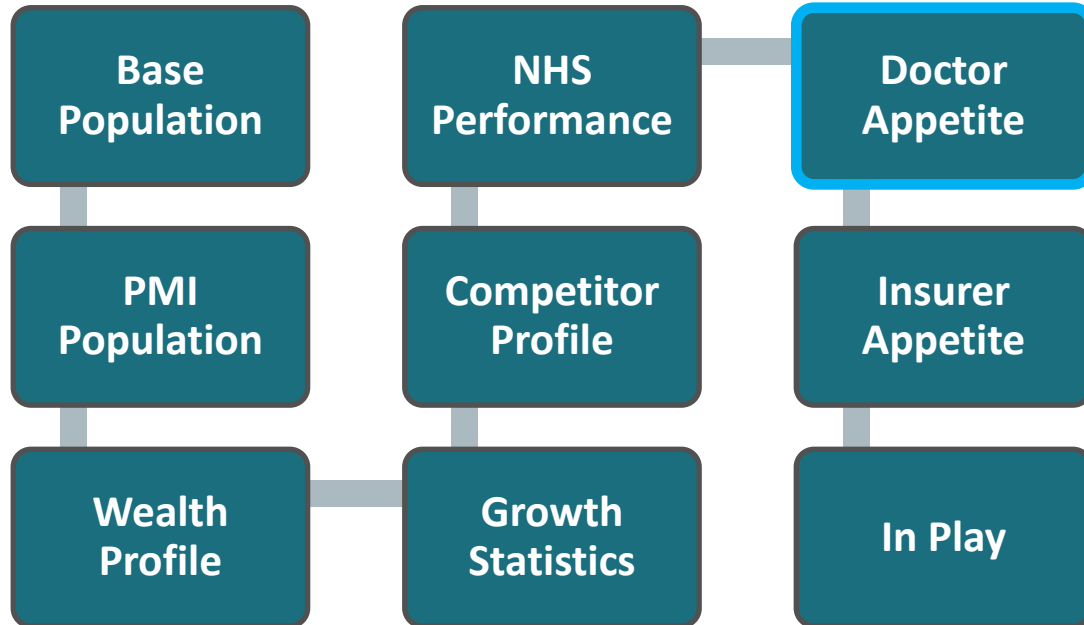
- Role of Spire's Business Development team
- **Planning and executing new projects**
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- Central London



Entrepreneurial local management provide initial ideas for BD opportunities in existing network – which then go through a detailed approval process



Visibility of all major schemes allows for prioritisation and sequencing



Doctor engagement is key at all steps and intensifies throughout the process

Spire St Anthony's

- Acquired in May 2014 via competitive tender
- Spire was the under-bidder but had the overwhelming support of the doctors
- Major development designed in conjunction with doctors wanting to practice with Spire
- Development completes Summer 2016

Spire Nottingham

- Highlighted the City as a target site – with 4 site options
- Met with 70 consultants and delivered the Spire story - unanimous support received
- Acquired land and began construction of this major new hospital in May 2015 – opening in Q1 2017
- Have continued to engage with doctors throughout the process – many involved in the design process
- 40 have already applied for practising privileges

We are continuing the assessment of “white” or “grey” space outside Central London for our next stage of hospital developments

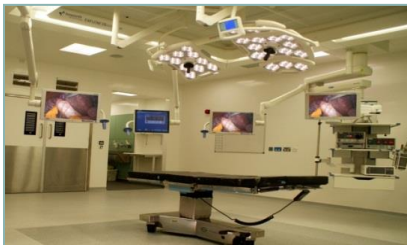
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Update on current projects

Spire's robust development programme provides multiple drivers for strong Revenue and EBITDA growth, underpinned by private activity

New theatres

- Currently 121 operating theatres – will grow to at least 131 theatres by 2018
- Capex per theatre: £3-5m - break even in year 1 on 20% utilisation
- Typical 3-year pre-tax ROCE of 20-25%



St. Anthony's

- Now fully integrated
- New 6 theatre block (opening Summer 2016) with 84 ward beds, an 8 bed ITU & 19 consulting rooms
- Target 25-30% pre-tax ROCE by 2018 on track: 21% margin in Q4 2015



New hospitals

- **Manchester:** 6 OTs, 71 beds, clinical trials unit, ITU – open Q1 2017
- **Nottingham:** 4 OTs, 54 beds, ITU - open Q1 2017
- **Further sites** including Central London - ongoing
- Target year 5 pre-tax ROCE of 20-25% per site



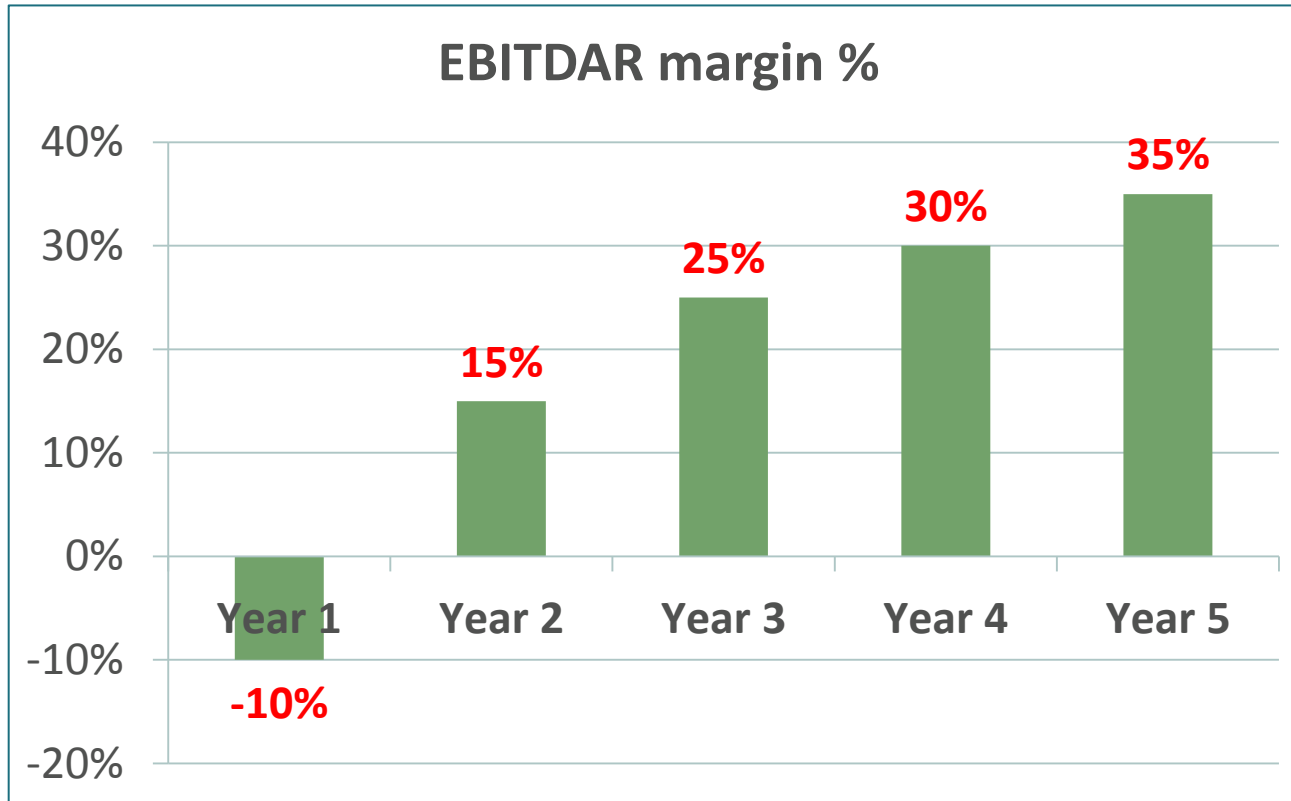
Cancer centres

- Two sites open, at **Bristol** and **Baddow** – 3 sites under discussion
- 2 bunkers per site at capex of £12-13m – break even in year 1 on PMI/Self-pay activity
- Target year 5 pre-tax ROCE: 20%





EBITDAR margin development



Year 5
Capex £65m
ROCE 20%

Year 5
EBITDAR £13m
Revenue £37m

A typical non-London hospital development is expected to generate positive EBITDAR in Year 2 (after opening) and ramp up to 35% EBITDAR margin by Year 5



Spire Healthcare

Business
development

Spire Nottingham





Spire Healthcare

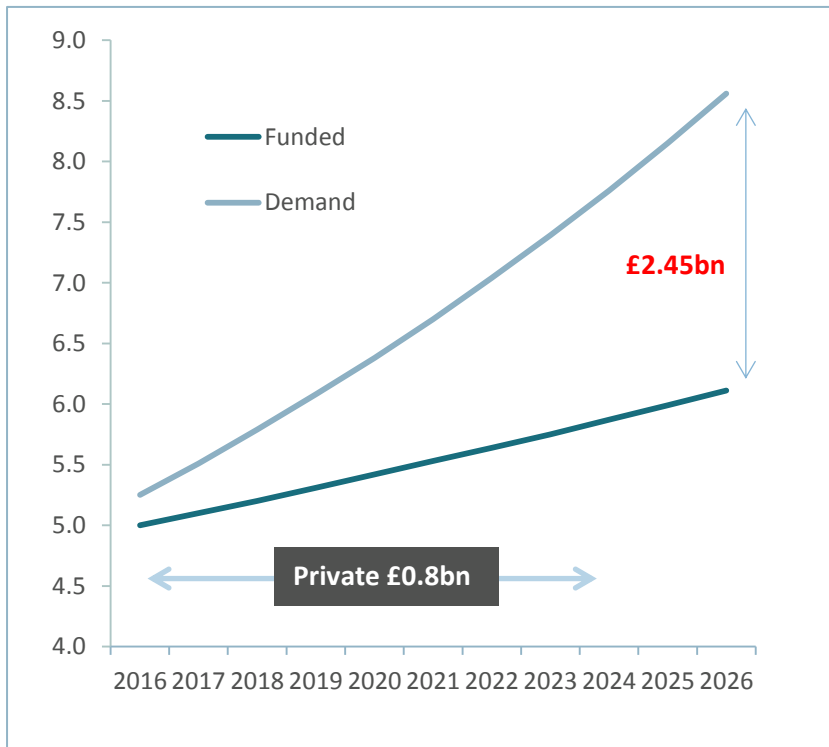
Business
development

Spire Manchester

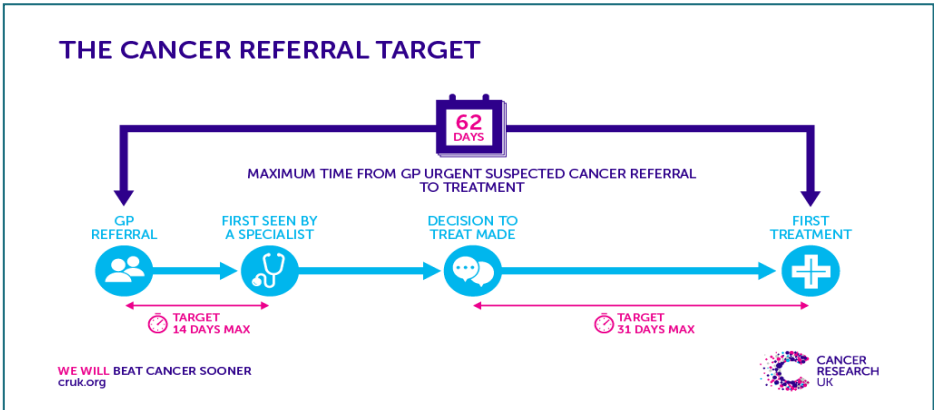


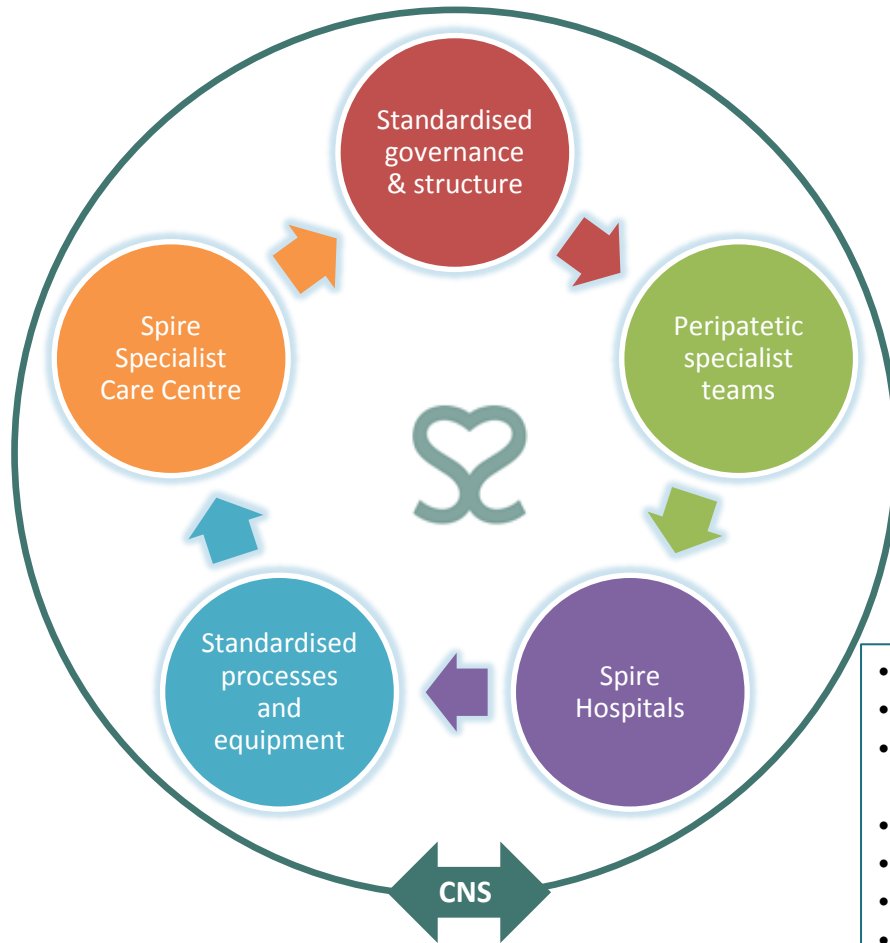
- Role of Spire's Business Development team
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- Update on current projects
- **Spire's cancer strategy**
- Central London

The specialist care centre roll out is the core of a wider cancer services strategy

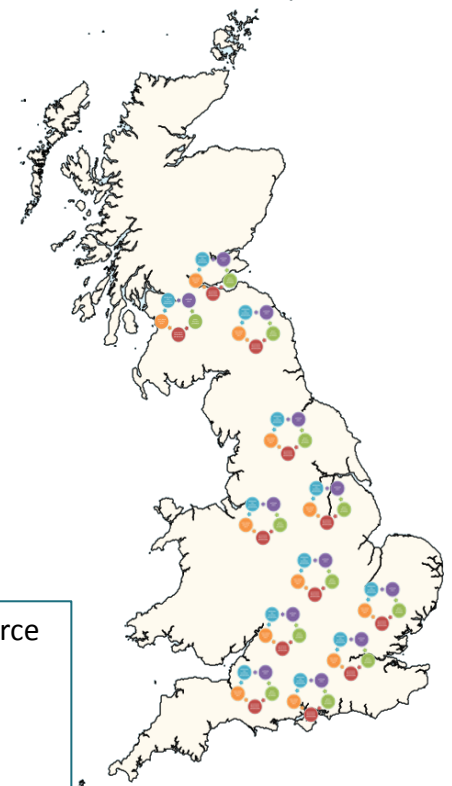


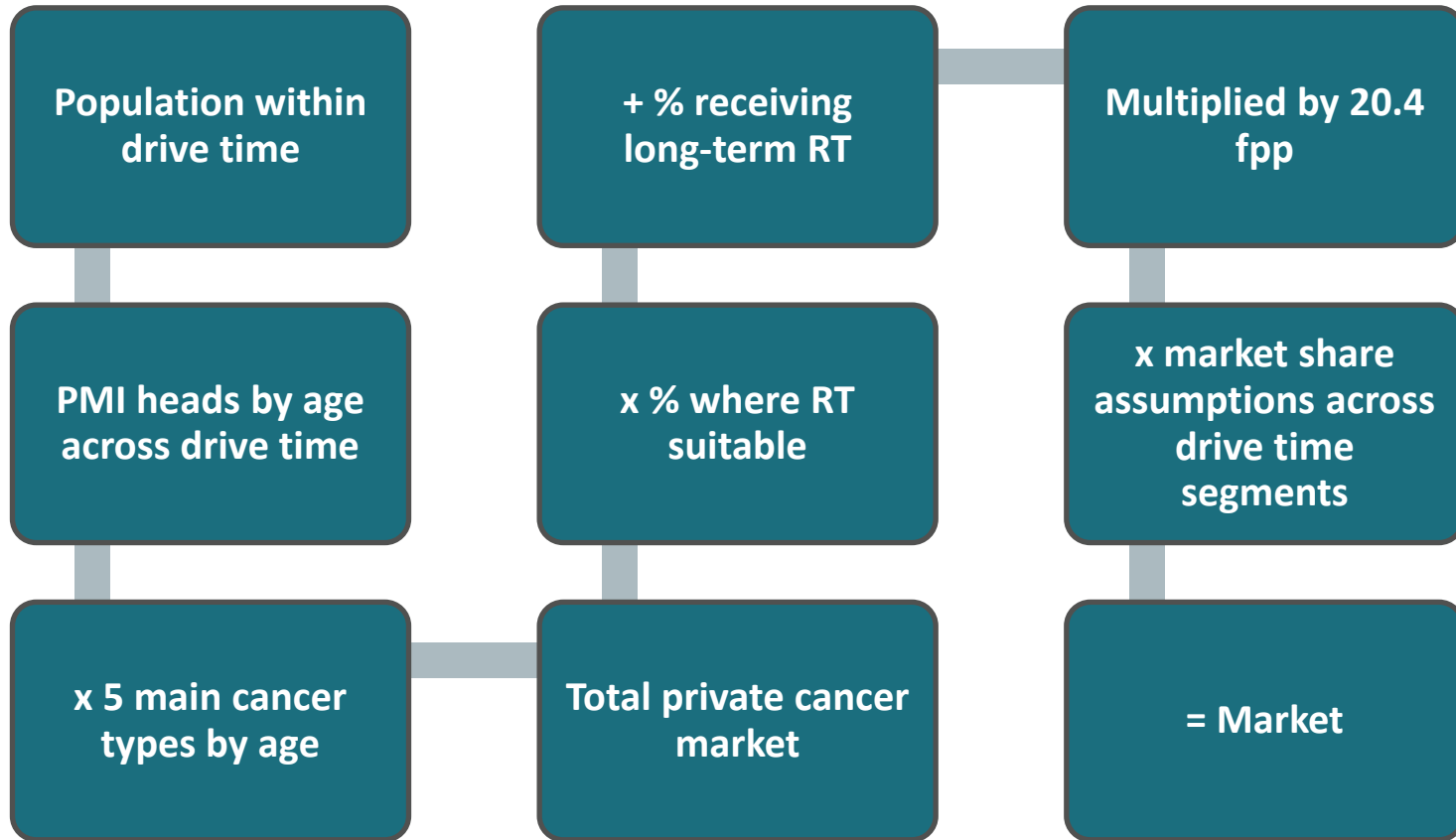
- NHS target is for 85% of patients to be seen and treated within 62 days of being referred to hospital
- 2015 = 82.3%
- January 2016 = 81%





- Highly experienced workforce
- Attractive role
- Potential for research and development
- Cost efficiency
- Enhanced safety of delivery
- Local hospital – patient choice
- Potential for home care services





Oncologist engagement + Other clinician engagement + Insurer appetite = Key

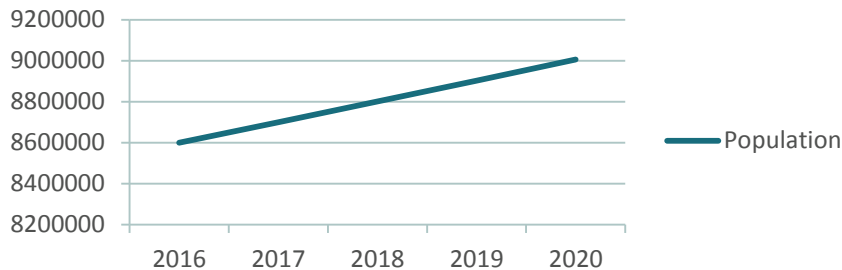
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- **Central London**



Why Central London?

Significant proportion of UK healthcare spend – plus the “halo” effect with consultants and contestability to insurers

Population growth estimates



- Over 1 million commuters each day
- 18% PMI penetration - growing by 14,500 insured individuals p.a.
- Private market - £983m (£225m o/seas)
- 1124 private beds, 72 private theatres

- High-acuity care mix
- Room in the market on price
- World renowned NHS teaching institutes
- Oversea income (tourism) at £225m pa and growing
- Limited ability of incumbents to scale up current provision
- London proposition enhances Spire’s nationwide network
- 100% private

London’s population will grow 13% by 2025 to 9.4m and will top 10m by 2029



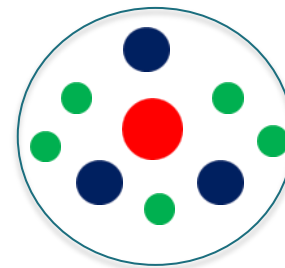
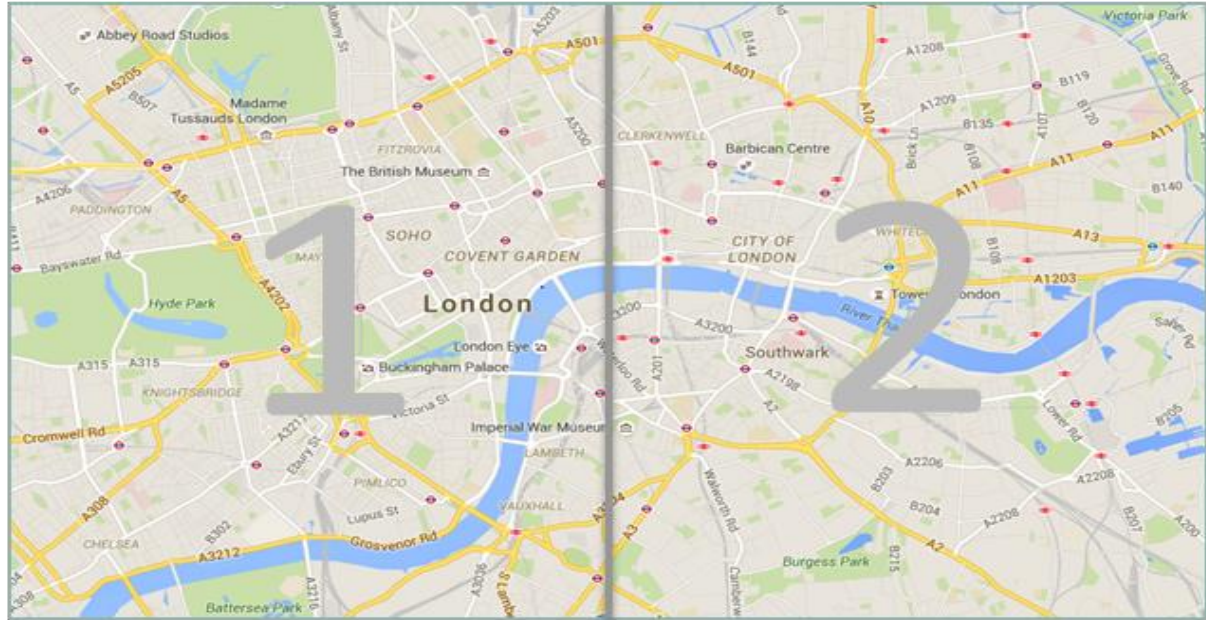
Central London – our strategy

2 full service “flagship” hospitals, each:

- c.180,000 square feet on 5/6 floors
- 7-9 operating theatres (average of an HCA/ London Clinic facility)
- c.130 beds, including a 10 bed ITU

Supported by smaller units in strategic locations

- OP/Diagnostic centres
- GP practices



Full service hospital



OP, Diagnostic & GP centre



GP centre



Summary

Spire's Business Development team will focus on the following key areas going forward

- Build a Spire presence in the Capital
- Continue to build the capacity & capability of our existing network
- Continue to capitalise on options for more provincial sites
- Continue to invest in Specialist Care Centres to bolster our Radiotherapy offering and unlock the halo effect of integrated cancer care
- Introduce new services and vertical enablers to the core business



Spire Healthcare

6

Summary

Rob Roger, Chief Executive Officer



A solid 2015 despite unforeseeable challenges, a steady 2016 in prospect and an expected return to long term historic growth rates from 2017

■ **2015**

- Revenue growth of 3.4% overall & growth across all payors at EBITDA margin of 18.1%
- Adjusted EPS of 18.3p , up 2.2% from 2015, and net debt reduced to 2.6 times EBITDA

■ **2016 outlook**

- 3-5% revenue growth overall, with growth across all payors – and a return to historical sales growth rate in H2 2016
- EBITDA margin constant to 2015, with net debt at end 2016 on or around 3.0x EBITDA

The resilience of Spire's business is clear, especially EBITDA margins and cash conversion

Despite an unpredictable 2015, Spire's proposition remains valid

Demand

- **The need for UK healthcare services to be provided by the independent sector** will inevitably lead to significant growth in demand



Payors

- **Spire has a clear and focused plan to grow its business** from each of its three key payor groups, with a natural “payor hedge” in the sector



Capacity

- **Spire is on track to deliver significant growth in its capacity**, including new operating theatres, new hospitals and new cancer care centres



Productivity

- **Spire has the appropriate structure & tools** to ensure that sales growth is converted into strong cashflows, for reinvestment into the business





Capital Markets Presentation

5 April 2016