

# Bilfinger Berger Capital Markets Day

## Building construction and Facility Services

### Two strong players and a joint market presence

## Integrated services in health care

Markus Ahr, Head of Executive Management, ahr Service

November 22, 2007



# Agenda

---

1. Facts ahr Service

---

2. Market structure & costumer focus
3. What makes us different / key success factors

## ahr Service is a multi-service provider in the health care industry, specialized in hospitals and nursing homes



### Housekeeping & Cleaning

- Cleaning/disinfection of
- Patients room
  - Public areas
  - Sensitive areas (i. e. operating rooms, intensive care, etc.)



### Gastronomy & Catering

- Catering/food production
- for patients
  - for staff
- Gastronomy
- Planning, implementation and operation of cafeterias, restaurants & shops



### Patient Ward Services

- Analysis of ward organisation and service offering to the patient
- Patient ward services:
- Supply & delivery
  - First reception on ward
  - Housekeeping (i.e. bed preparation)



### Hotel Ward & Patient Hotel

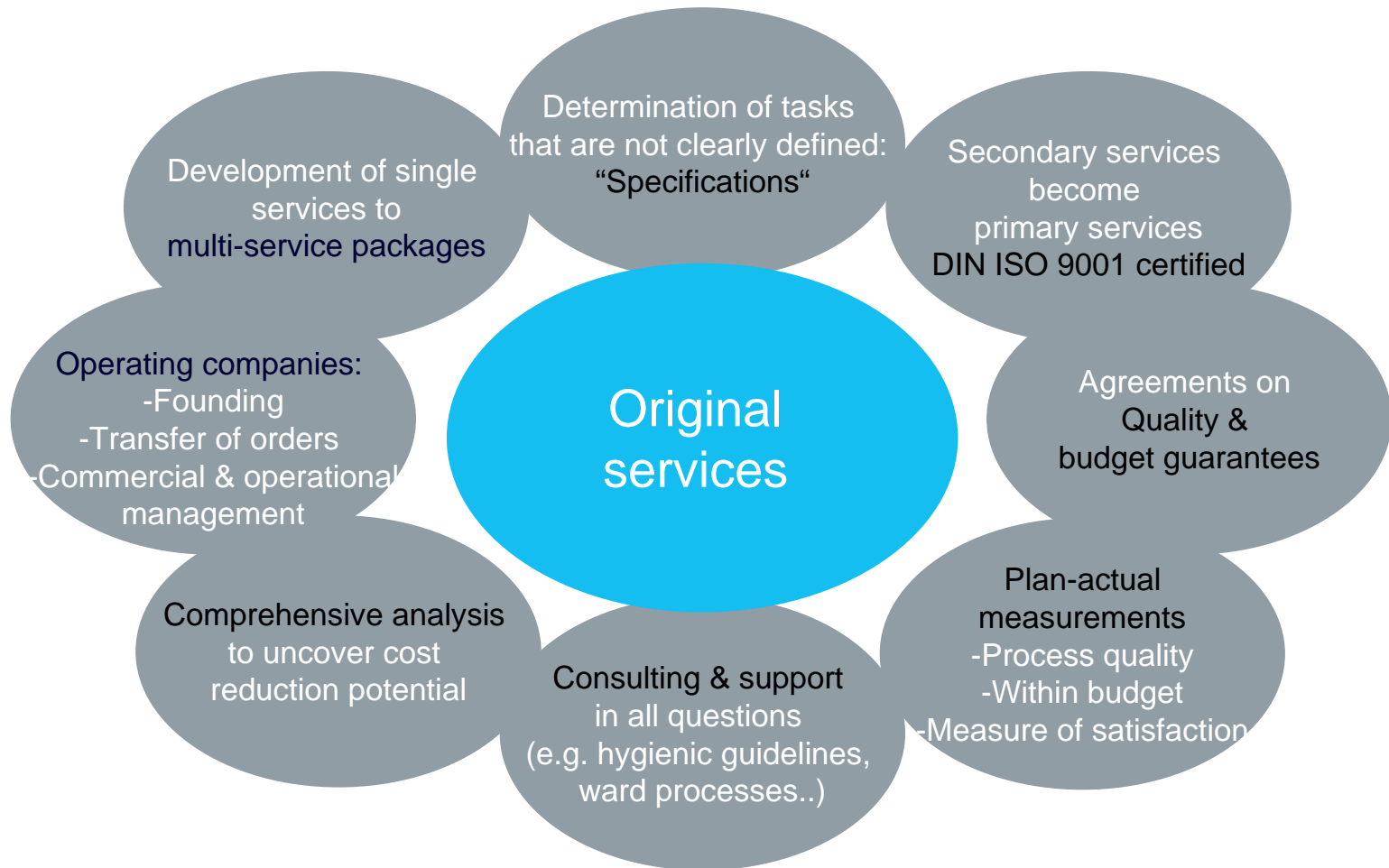
- Conversion of existing care ward(s) into a low care patient ward on hotel level
- Process development
  - Design
  - Operation

- Services such as patient and ward services are a key component of the value chain in clinics
- Joint operating companies (“service companies”) represent the platform for the establishment of multi-service concepts



**Basis for cross-Selling and long-term customer relations**

## Service areas within the scope of a service partnership



➔ The service itself is only the operational component of a multi-layered package

➔ Client satisfaction: the ahr Group's average client order is 8 years

## Facts - ahr Service



### Client structure

|                                      | total | clinics | nursing homes | social facilities |
|--------------------------------------|-------|---------|---------------|-------------------|
| facilities                           | 238   | 100     | 94            | 44                |
| thereof in joint operating companies | 60    | 47      | 8             | 5                 |

## References (excerpt)



### Emergency Hospital, Berlin

**Beds:** approx. 540

**Scope:** operation of the patient and visitor's restaurant; patient and ward service; operation of the guest house; event catering

**Execution period:** client since April 1997



### Lippe Clinics, Detmold

**Beds:** approx. 1,550

**Scope:** commercial and operational management of the service company; patient and ward service; maintenance cleaning; OP cleaning; glass cleaning

**Execution period:** client since August 1980, since 2000 in a joint service company

## References (excerpt)



### Alfried Krupp Hospital, Essen

**Beds:** approx. 560

**Scope:** commercial and operational management of the service company; patient and ward service for private patients; maintenance cleaning; OP cleaning; glass cleaning; housekeeping

**Execution period:** client since January 1976; since 1998 in a joint service company



### University Clinic, Munich

**Beds:** approx. 1,130

**Scope:** commercial and operational management of the service company; catering; employee restaurant; kiosk and cafeteria; event service; central transportation service; dishwashing service

**Execution period:** client since March 1995; since 2006 in several service companies

## References (excerpt)



### Franciscan Charitable Society, Olpe

**Beds:** approx. 1,750

**Scope:** commercial and operational management of the service company; maintenance cleaning; OP cleaning; housekeeping services; catering

**Execution period:** client since 1979



### Catholic Hospital & Nursing Home, Leverkusen

**Beds:** approx. 530

**Scope:** maintenance cleaning; OP cleaning; housekeeping services; catering; patient and ward service; providing for residents, patients, guests and employees

**Execution period:** client since 1986

# Agenda

1. Facts ahr Service

---

2. Market Structure & Costumer Focus

---

3. What makes us different / Key Success Factors

## Key data: market development hospitals

| <b>Key Data Hospitals</b>          | <b>1991</b> | <b>2000</b> | <b>2003</b> | <b>2010e</b> | <b>CAGR</b>    |
|------------------------------------|-------------|-------------|-------------|--------------|----------------|
| [units]                            |             |             |             |              | <b>03 - 10</b> |
| Hospitals                          | 2,411       | 2,242       | 2,197       | 1.800        | <b>-2,8%</b>   |
| # of treatments<br>[million cases] | 14.58       | 17.26       | 17.30       |              | ↑              |
| Aver. length of<br>stay [days]     | 14.0        | 9.7         | 8.9         | 6.6          | ↓              |
| Number of Beds                     | 665,565     | 559,651     | 541,901     | 500,000      | <b>-1.1%</b>   |
| Personnel [FTE]                    | 875,816     | 834,585     | 823,939     |              |                |
| thereof physicians                 | 95,208      | 108,696     | 114,105     |              |                |
| thereof non-<br>medical staff      | 780,608     | 725,889     | 709,834     |              | ↓              |
| Personnel %<br>of total cost       | 67.2%       | 66.9%       | n.a.        |              |                |

- Ongoing consolidation of hospitals drives:
  - Specialization
  - Economic thinking
  - Increased competition for patients among hospitals
  
- Introduction of DRGs\* caused:
  - Reduced periods of stay
  - Pressure to increase bed utilisation (higher number of treatments)
  
- High personnel cost of non-medical staff (about 70%) has high priority

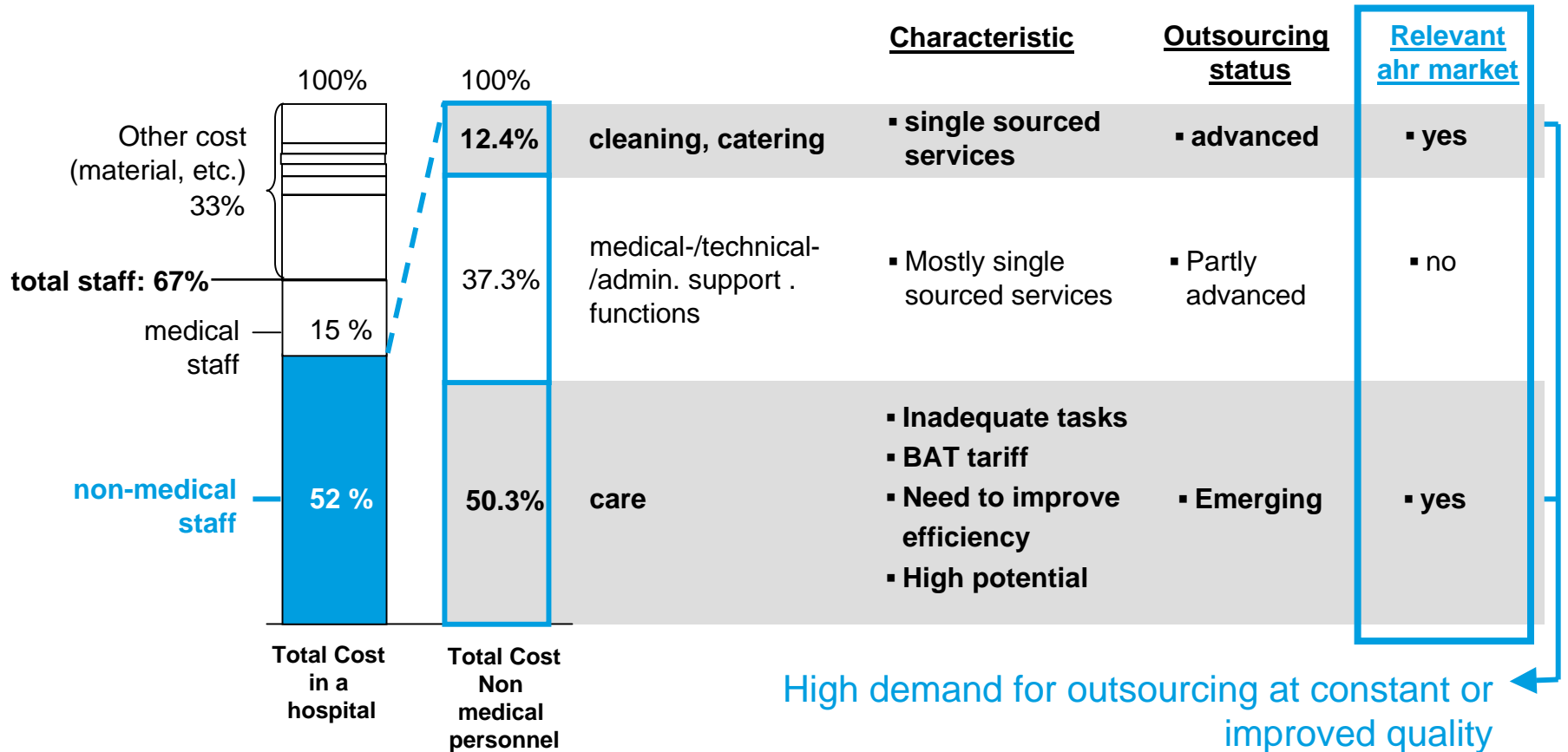
Source: Statistisches Bundesamt Fachserie 12, April 2005;  
Projection: Ernst & Young – Gesundheitsversorgung 2020

\* DRGs = Diagnosis Related Groups [Fallpauschalen]

# Specific non-medical activities constitute ahr's relevant market

## Typical cost structure of a hospital\*

## Target market for external suppliers



\* Source: DKG

## Healthcare providers need to adopt to major trends and fundamentally changing market mechanics

### Market Drivers: Hospitals

1. Growing self-confidence and decision power of patients  
→ patients = customers
2. Consolidation of hospital landscape
3. Increasing number of cases but shorter average stays
4. Investments will be done in partnerships with the private sector,  
Investment need up to 30-50bn € nationwide
5. The classic hospital will split up into  
Operation + Property company

Find solutions to increase attractiveness at low cost

### Market Drivers: Nursing Homes

1. Aging Population causes increasing demand for care by 36% until 2020  
(‘03 – ‘20: 2,08mn - 2,83mn people in need of care<sup>1)</sup>)
2. Willingness to pay for professional care services is increasing
3. Smaller Budgets

Offer professional care, for more care patients, at reasonable prices

# Agenda

1. Facts ahr Service
2. Market Structure & Costumer Focus

---

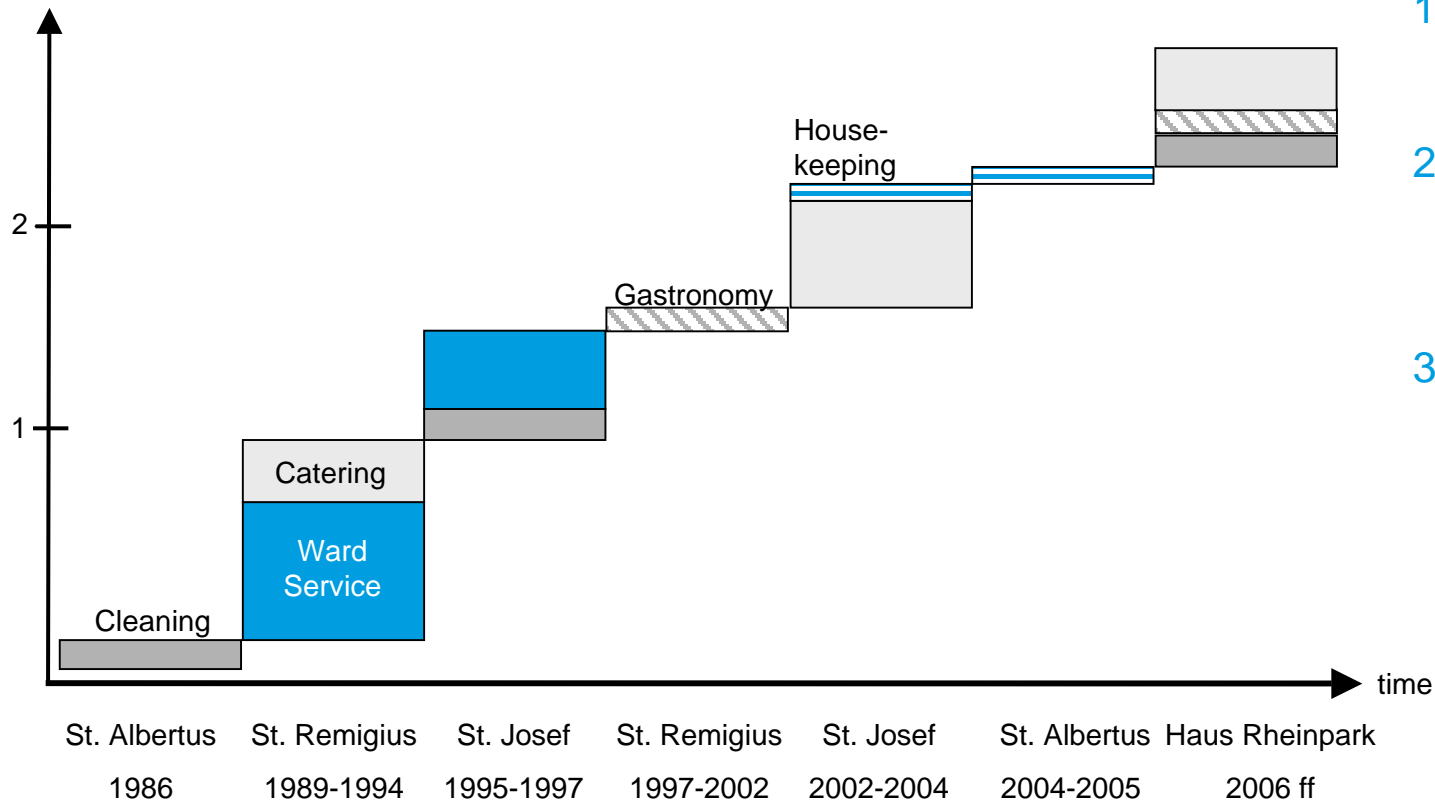
3. What makes us different / successful?

---

## Key Success-Factor: excellent single services built into a multi-service concept

### Catholic Hospital & Nursing Home, Leverkusen

Revenue in € million



1. Initial product:  
cleaning

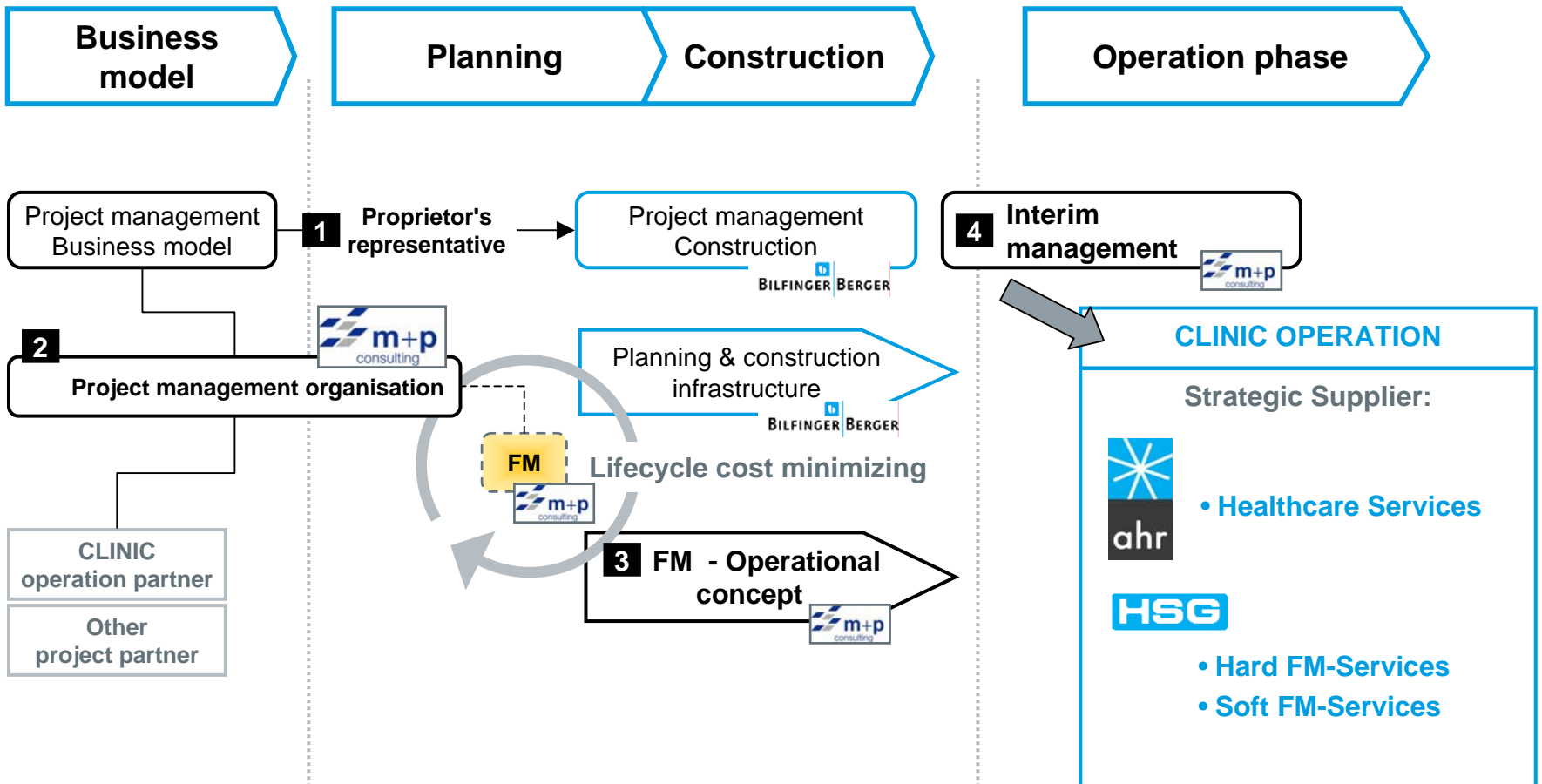
2. Cross-selling I:  
additional  
services

3. Cross-Selling II:  
additional  
facilities of the  
association



Cross-selling potential for ahr-Gruppe fully utilized

# Comprehensive approach: putting the Bilfinger Berger i-volution idea into practice: design, consulting, construction and operation - covering the full spectrum of the real estate value chain



# Bilfinger Berger Capital Markets Day

## Building construction and Facility Services

### Two strong players and a joint market presence

## Integrated services in health care

Markus Ahr, Head of Executive Management, ahr Service

November 22, 2007

