

Healthcare credentials | 2011

Inspiration starts here



AIR LIQUIDE

Healthcare

AIR LIQUIDE HEALTHCARE IS PART OF AIR LIQUIDE

World leader in gases for industry, health and the environment

The Air Liquide Group at a glance

Present in **80** countries

Over **43,600** employees

8 R&D centers, **5** Engineering centers

300 patents annually

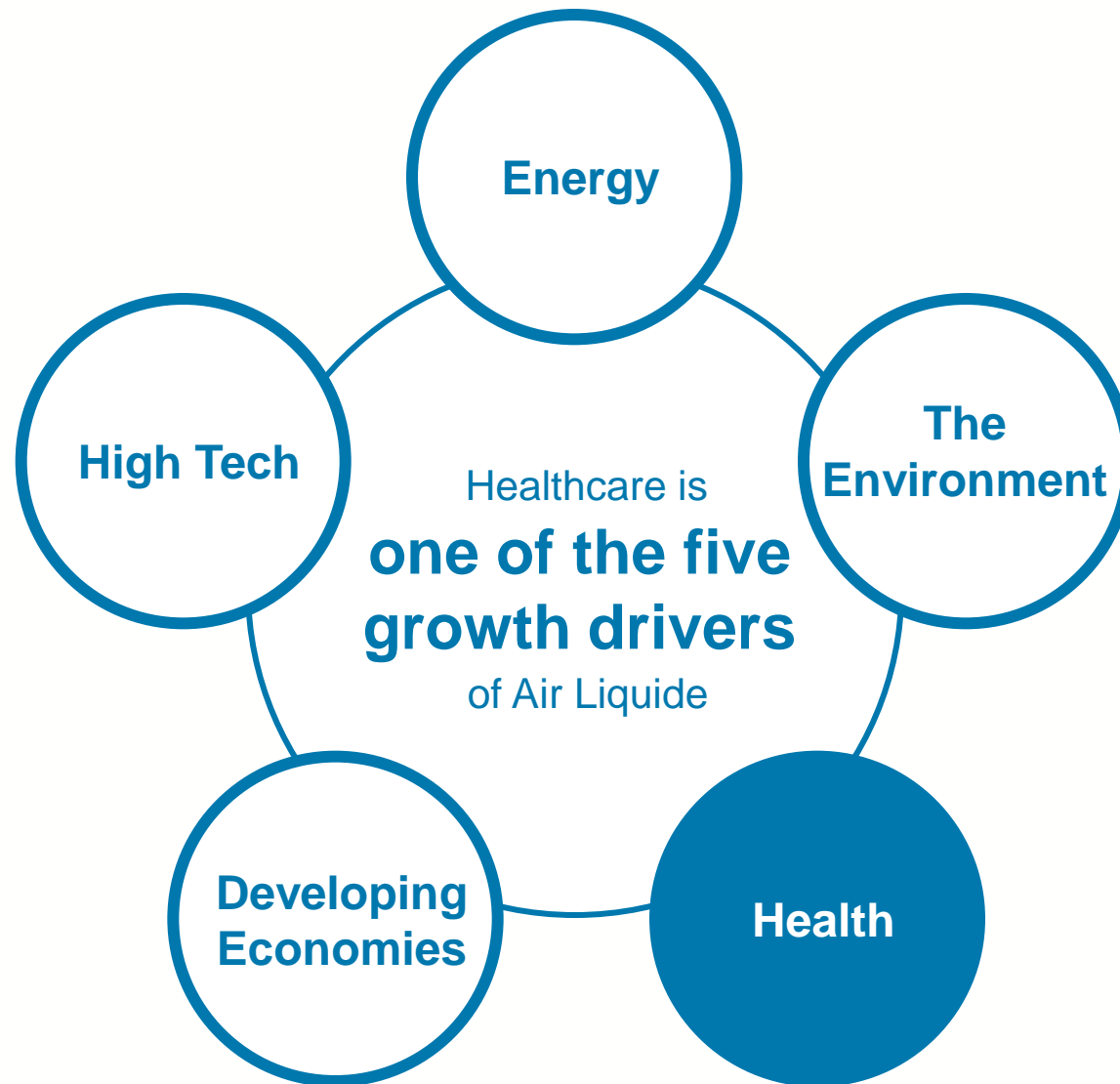
A commitment to **Responsibility** to all stakeholders

Revenue in 2010: **€13,5** billion

Net profit 2010: **€1,4** billion



AIR LIQUIDE HEALTHCARE IS PART OF AIR LIQUIDE



SOME HEALTHCARE STATISTICS STATS

Air Liquide Healthcare's 2011 revenues reached

+€2,100 million

45% in home healthcare

39% in medical gases, equipment and services

16% in hygiene

A dedicated team of

8,500 employees around the world influence the lives of

750,000 patients at home and serve over

8,000 hospitals & clinics

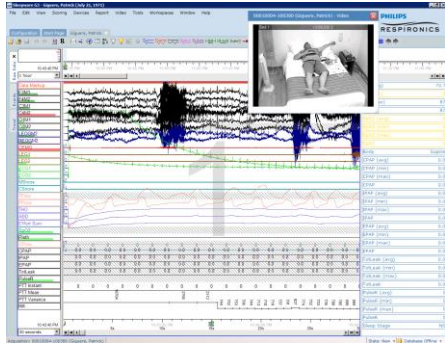


VITALAIRE CANADA

- VitalAire Canada Inc. = VitalAire, Air Liquide Healthcare, RTS, Cairco, GH Medical, GH Medical Quebec, Campbell Medical
- **800** employees and **450** vehicles
- **+110** locations coast to coast Canada ranging from Fill Plant to 80 retail type sites
- **150** Healthcare professional, largest private employers of Registered Respiratory Therapist in Canada
- Serve over:
 - **15,000** LTOT home care clients
 - **25,000** CPAP and Ventilated patients
 - over **2,000** hospitals, clinics
- Overall, we are the only **integrated respiratory healthcare** provider in Canada

CANADIAN HOME HEALTHCARE PORTFOLIO

Long Term Oxygen Therapy



Continuous Positive Airway Pressure (Sleep Apnea) Home Mechanical Ventilation



CANADIAN MEDICAL GASES PORTFOLIO



SOT, Suction, Ventilation



MGS (Air, Vacuum)



Construction

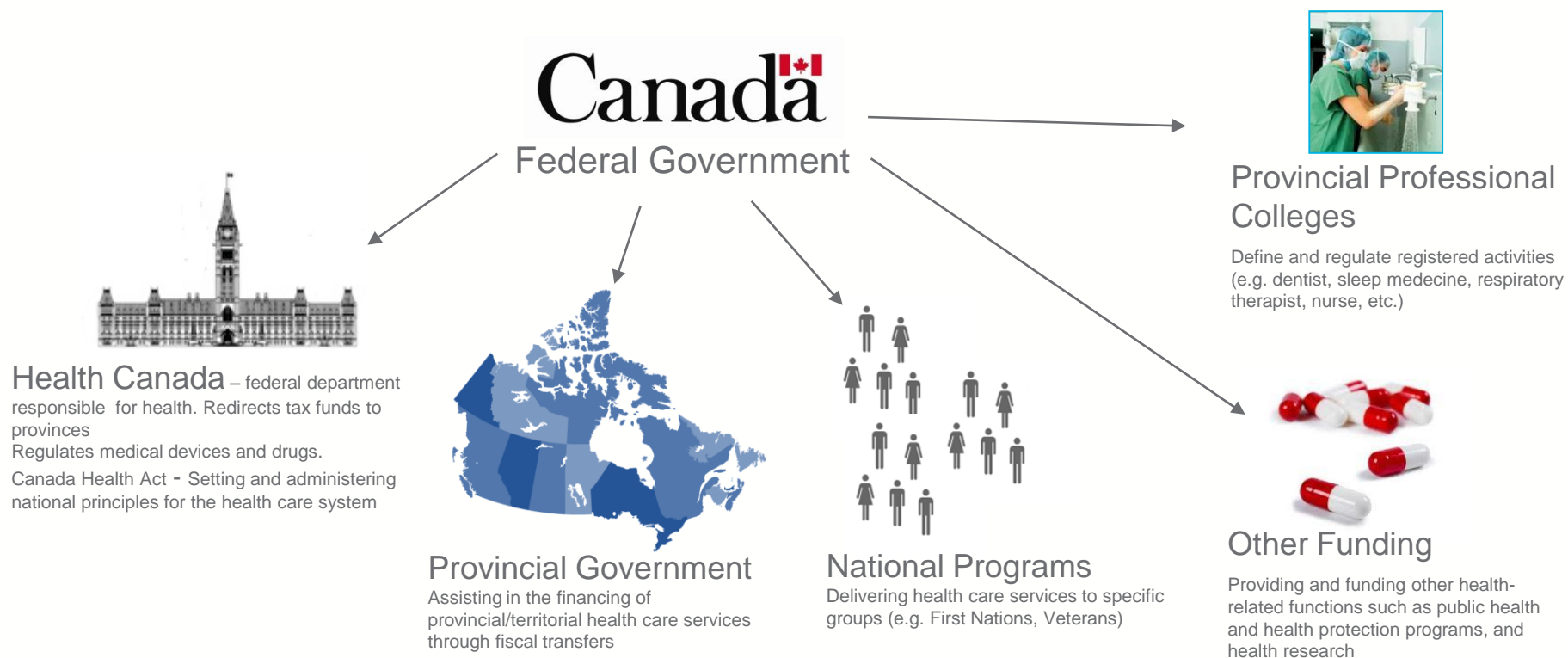
Medical Gases



Life Science



CANADIAN HEALTHCARE SYSTEM



Health Transfer Budget 2011 – From federal government distributed to provinces

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL
Population(Thousand)	4,400	3,645	1,033	1,208	12,852	7,903	751	922	140	515
Population Split (%)	13.2%	10.9%	3.1%	3.6%	38.5%	23.7%	2.3%	2.8%	0.4%	1.5%
Health Transfer (Million of dollars)	3,777	2,139	858	1,004	10,741	6,410	607	760	117	453
Federal Health Transfer Split (%)**	14.1%	8.0%	3.2%	3.7%	40.0%	23.9%	2.3%	2.8%	0.4%	1.7%



**Plan is in the works for 2014 to increase provincial health budgets relative to the size of provincial economic growth.

CANADA – ECONOMIC HIGHLIGHTS

- GDP (2010): \$1,624,608 Millions
- Per Capita: \$47,788
- Employment: 17,132,900
- Unemployment Rate (2010): 7.1%

but

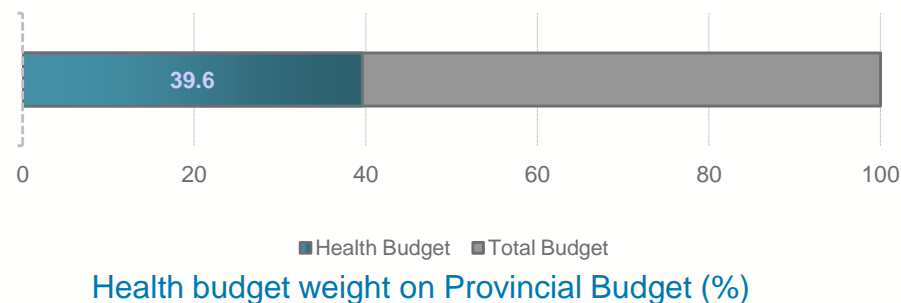
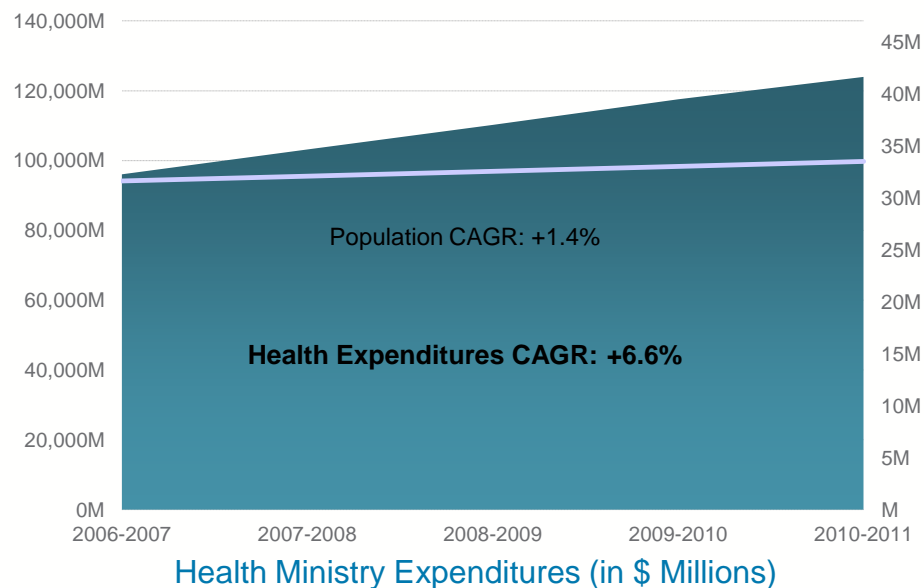
Ministry of Health Expenditures grown by +6.6% per year for the past five years while population only grew +1.4%...

Major diseases: more to come (COPD, Heart and Stroke, Diabetes and Obesity ...)

➔ If Canada is overall in good economic situation, healthcare is becoming a burden

➔ Healthcare funds are getting more and more difficult to get (at every level, from hospitals to physicians)

➔ The system is leaning towards a « happy medium » between the actual Canadian system and the US one (reimbursement per act, re-admission at 30 days penalties, co-pay, etc.)



VITALAIRE CANADA CHALLENGES

- Complex regulatory framework with our specificities not always taken into consideration:
 - Medical gases = drugs into a “refillable” drug pill
 - CPAP = only prescribed medical device not sold into pharmacy or hospital setting
- Provincial markets
 - Healthcare funds being provincially managed, everyone keeps re-inventing the wheel
 - Eventually, we are managing +50 markets from open market to “winner takes all” tenders
 - Political “instability” especially since Healthcare is a Canadian “touchy” topic
- Provincial critical mass
- Country size and density
- GPO (Group Purchasing Organization – MedBuy, HealthPro) and other provincial / local purchasing organization
- Staff shortage in certain geographies
- US proximity (models, pricing, etc.)



VITALAIRE OUTLOOK

CHALLENGING BUT POSITIVE !

- Growth is a must → we have a large fix cost base driven by salaries, fuel, electricity (drives oxygen costs)
- Margins under pressure

BUT

- Home Healthcare market still somewhat fragmented
- Clinical expertise is a key differentiator
- Appetite for innovation, new technologies and holistic approaches
- Opportunities to shape the regulatory framework
- Medical gases are driven by high capital intensity ratios. Not every company can afford it

Healthcare challenges

- Aging population
- Political willingness to move towards “more homecare”
- COPD burden: COPD expected to rise by 50% by 2040. 1.2 M Ontarians (6.9% of population) will have COPD
- Undiagnosed Sleep Apnea and associated diseases impact

Total Healthcare Costs: 2011 and 2041

	2011	2041
Lung Cancer	\$293.9 million	\$33.5 billion
Asthma	\$1.8 billion	\$96.7 billion
COPD	\$3.9 billion	\$310.7 billion



Home Healthcare

The difference is engagement



AIR LIQUIDE

Healthcare



COPD (Chronic Obstructive Pulmonary Disease)

Chronic obstructive pulmonary disease,

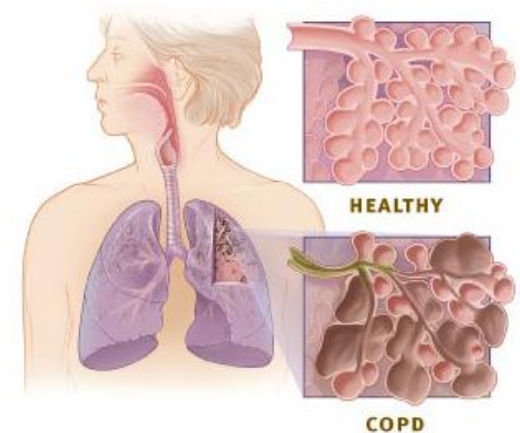
is the occurrence of chronic bronchitis or emphysema, a pair of commonly co-existing diseases of the lungs in which the airways narrow over time. This limits airflow to and from the lungs, causing shortness of breath (dyspnea). In clinical practice, COPD is defined by its characteristically low airflow on lung function tests.^[2] In contrast to asthma, this limitation is poorly reversible and usually gets progressively worse over time.

Signs and Symptoms

- History of cigarette smoking
- Chronic cough and sputum production (in chronic bronchitis)
- One of the most common symptoms of COPD is shortness of breath (dyspnea). "My breathing requires effort," "I feel out of breath," or "I can't get enough air in"

Causes

- 80 to 90% of cases of COPD are due to smoking
- Occupational exposures (mining)
- Air pollution



(COPD = BPCO = Broncho-pneumopathie Chronique Obstructive)

