

INTERIM REPORT

Q1 – Q3 2018

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For computational reasons, rounding differences of ± one unit (€, %, etc.) may occur in the tables.

LETTER TO SHAREHOLDERS

Dear Ladies and Gentlemen,
Dear Shareholders,

In the third quarter RHÖN-KLINIKUM AG continued the positive trend of the first half. The first nine months make us confident, which is why we confirm our forecast for financial year 2018 for EBITDA of between € 117.5 million and € 127.5 million – a marked rise compared with the previous year. At our five hospital sites RHÖN-KLINIKUM Campus Bad Neustadt, the two University Hospitals of Giessen and Marburg (UKGM), Zentralklinik Bad Berka and Klinikum Frankfurt (Oder) a total of 644,177 patients were treated in the first nine months, a rise of 2.0% compared with the same period last year.

Many of our hospitals enjoy an excellent reputation both nationally and internationally. That makes our proud. At the same time, though, the trust our patients place in us is something that motivates us and spurs us on not to let up and to use our economic strength to make sustainable investments at our sites.

That is because it is thanks to our innovative force that we remain attractive for our patients and our employees. As one of the leading healthcare service providers in Germany, we offer cutting-edge diagnostic, medical and therapeutic services and an attractive work environment. Our top areas of treatment are cardiological and coronary disease, neurological disorders, oncology, pneumology, orthopaedics and trauma medicine.

In July 2017 we initiated a comprehensive raft of measures to improve profitability so as to ensure we remain efficient also in future. Over the past months we have been implementing these measures step by step.

We have transferred many of the project groups to institutional expert panels where employees from our headquarters and the various sites bring in their know-how.

In addition to reviewing preventive maintenance and servicing agreements, we have, among other things, looked at the structures at the Group and at our sites and taken measures to make our processes more efficient. At the same time we have tackled the industry-wide issue of avoidable losses from audits of the Medical Review Board of the Statutory Health Insurance Funds (MDK). Here we have launched numerous measures. Among other things, we have been stepping up the use of semantic coding assistance in invoice so as to work towards the complete to achieve full coverage of the services provided given the significantly higher audit rates by the MDK, and increasingly training courses and the establishment of Group-internal databases.

RHÖN Campus strategy – care model of the future

Our biggest investment right now, the new RHÖN-KLINIKUM Campus Bad Neustadt, is very close to completion. In this construction project roughly € 250 million are being invested out of own funds. On 6 December 2018, the first construction phase will be inaugurated. Already today, and on behalf of my Board colleagues, I would like to express my very sincere thanks to our employees at the Bad Neustadt site as well as our other sites already today for their tremendous commitment and excellent know-how.

The Campus Bad Neustadt is an important milestone in our 45-year company history, but also in the history of the German healthcare system. For the first time, we are implementing our RHÖN Campus strategy in its ideal form and are offering first-class, fast diagnosis and treatment beyond the traditional “sectoral limits” of outpatient and inpatient structures – this in line with the expectations of today’s patients.

With the Campus we are making a convincing response precisely to the growing challenges of medical care in rural regions and are consistently committing ourselves to a cross-sector networking with doctors and healthcare service providers from the region. Here we closely integrate outpatient and inpatient offerings with numerous medical services and care offerings which up to now had been separated both spatially and in terms of personnel. Care, diagnostics, treatment, rehabilitation and nursing are working hand in hand.

Such a comprehensive offering of medical care as is found at the new Campus is something unique and hitherto unprecedented in Germany. We are thus playing a trailblazing role in the hospital sector. The RHÖN Campus strategy represents a viable solution model for healthcare delivery of the future – particularly in view of demographic, regulatory and budgetary trends. Given the inevitable shake-up of oversupply within the German hospital sector, we are convinced that in future other regions will be able to benefit from our know-how.

Use of digital tools

A key focus for implementing our Campus strategy is the use of digital tools and state-of-the-art IT. On the basis of stable IT, we use numerous clinical information systems and round these off with various digital innovations, such as the “Medical Cockpit”, the “Doctors Portal” and many other tools whose aim it is to simplify the work of our doctors and nurses and to make the care to patients even safer and better. Of course, we will achieve the greatest level of maturity in this at the new Campus Bad Neustadt. But even beyond

that, we have also shown ourselves to be a leader in the digital transformation in the healthcare system throughout the reporting period, making significant advances in the use of digital applications to further improve the treatment quality for our patients, to relieve the workload on our employees and support them, and to further optimise processes, e.g. for documenting services rendered.

One of the landmark digital projects is the Medical Cockpit now ready for use – a search engine that helps to find relevant information in doctor’s letters, X-ray findings and OR reports within the shortest possible time. At the start of the Campus, the Medical Cockpit is to be implemented gradually at the RHÖN-KLINIKUM Campus Bad Neustadt in regular clinical operations in active dialogue with the clinical users. The Medical Cockpit was likewise integrated in our newly designed doctors portal, the doctor-managed electronic patient file, and is thus also available to community-based doctors.

A further application among the many projects is the planned introduction of digital anamnesis and questionnaires. By recording patient questionnaires on a tablet, we enable the consistent gathering of treatment-relevant information. Telemedicine, too, will become increasingly important with us, not least on account of the gradual phasing-out of the ban on tele-treatments. As you can see, RHÖN-KLINIKUM AG has the courage to seize the opportunities of digital transformation in the healthcare system to achieve its corporate goals as well as develop new business models outside its current core area.

Let me now turn our attention to the trend of the first nine months. Compared with the same period last year, revenues rose from € 902.5 million to € 928.5 million (+ 2.9%), earnings before interest, taxes and depreciation/amortisation (EBITDA) increased to € 102.5 million (+ 32.1%). The figures also include the positive effect (in the one-off amount of € 20.0 million) from the agreement reached with the Federal State of Hesse and the Universities of Giessen and Marburg on

the issue of separate accounting. Consolidated profit rose to € 47.6 million, a gain of 76.3%. It has to be underscored that the positive development in the first nine months of financial year 2018 was accompanied by the anticipated wage increase.

Conditions for separate accounting met – investments bolster sites

Following the agreement reached on separate accounting that put an end to years of dispute, we are now receiving adequate remuneration for our services for research and teaching at the two University Hospitals of Giessen and Marburg (UKGM). The last major hurdle was cleared with the auditing of the agreement by the auditing company Wirtschaftsprüfungsgesellschaft KPMG. The current arrangement has a term running until 2021. We are confident that this can provide the basis for a permanent regime. Already in May 2017, we had reached agreement on the key terms of the agreement, and at the end of December 2017 the white paper setting out the further development of university medicine for the University Hospitals in Giessen and Marburg was signed. The Hesse State Government had given its go-ahead in February 2018.

The agreement clears the way for a sustainable investment programme for the two university hospitals that will benefit our patients, our employees as well as the entire Central Hesse region. By the end of 2021, RHÖN-KLINIKUM AG will invest at least € 100.0 million in UKGM. The Marburg site will see among other things the rebuild of its clinic for paediatric and juvenile psychiatry, the modernisation of the clinic for psychiatry, the centralised operating theatre and the IC units. At the Giessen site, the Paediatric Heart Centre will be expanded and an extension added on to the university hospital. UKGM has moreover committed to forego redundancies up to the end of the agreement's term, currently the end of 2021.

Top priority given to patient care at MIT

Besides our core themes of digitalisation and the campus approach, the Board of Management intensified its efforts and focus during the third quarter regarding the situation at the Marburger Ionenstrahl-Therapie Betriebsgesellschaft mbH (MIT). After the management of MIT GmbH – appointed by the majority shareholder, Universitätsklinik Heidelberg – filed for insolvency in the middle of September 2018 with the Local Court of Heidelberg, continuing patient treatments has had top priority for RHÖN-KLINIKUM AG. As a minority shareholder, we continue to be available for constructive solutions, also in close dialogue with the Hesse State Government.

Marburger Ionenstrahl-Therapie Betriebsgesellschaft mbH was established in 2014 as the subsidiary of Universitätsklinik Heidelberg (75.1%) and RHÖN-KLINIKUM AG (24.9%). MIT offers a highly effective way of treating tumour disease with pinpoint precision in the brain, head area, liver, pancreas, prostate or lungs whilst minimising the impact on radiation-sensitive organs and structures surrounding the diseased tissue.

Challenges from legislation

Besides the regulatory challenges in the healthcare system, we are also feeling the effects of the shortage of specialist staff to which we have responded with numerous measures at our sites tailored to local challenges. As a modern employer we offer not only modern remuneration structures, an attractive work environment, in-house kindergartens at the hospitals, provision of affordable apartments and assistance in searching for apartments, but also a wide range of career options and benefits.

However, we are critical about the staffing floors introduced by the legislator for nursing-intensive hospital areas because in our view there are no established scientific findings supporting a link between the quality of

treatment and outcomes on the one hand and a particular nurse-to-patient ratio on the other. Instead there are currently very widely different opinions on this issue amongst medical and professional groups.

RHÖN-KLINIKUM AG sees the many different efforts by the Federal Ministry of Health to improve the nursing situation in hospitals as very positive, but also the risks in pushing for quick results. In our view it would have been better to conduct an expert study based on a sufficiently large study group.

The discounts threatened in the event of non-compliance with the requirements coupled with the current situation on the jobs market in nursing professions carry the risk of mutual poaching of employees giving rise to restrictions on patient care as a result of capacity bottlenecks. In our view this is something that must be prevented.

Outlook reaffirmed

For the current financial year 2018, RHÖN-KLINIKUM AG confirms the existing forecast, with revenues of € 1.24 billion within a range of plus or minus 5% being expected. Regulatory measures such as lower remuneration for services entailing high material cost intensity, particularly in the field

of cardiology, or the fixed cost degression discount on surplus services, have to be taken into account as burdening factors. For earnings before interest, tax and depreciation/amortisation (EBITDA), we expect a much higher level compared with 2017 of between € 117.5 million and € 127.5 million – which in addition to other effects is favourably influenced by the agreement on separate accounting at UKGM.

We have already achieved so much because we set ambitious goals, boldly break new ground and set ourselves the standard of providing the best medical care for our patients. We will not content ourselves with what has been achieved but, also in future, will continue to spare no efforts to further develop RHÖN-KLINIKUM AG with its offering of medical services and campus approach. I will be pleased to see you continuing with us on our path and putting your trust in us, whether as a patient, employee or shareholder.

Yours sincerely,

RHÖN-KLINIKUM Aktiengesellschaft

Stephan Holzinger
Chairman of the Board of Management

THE RHÖN-KLINIKUM SHARE

In the third quarter of 2018, developments on the international stock markets were helped by the positive economic trend and the continuation of an expansive monetary policy. The performance of the US equities market was very positive thanks to the improvements made there (in terms of tax cuts, deregulation, infrastructure investments, advances in digitalisation) as well as the unexpectedly strong upswing in the economy. By contrast, the European equities markets were being held back by the current crises (trade dispute, crisis in emerging economies, debt crisis in Italy, and Brexit).

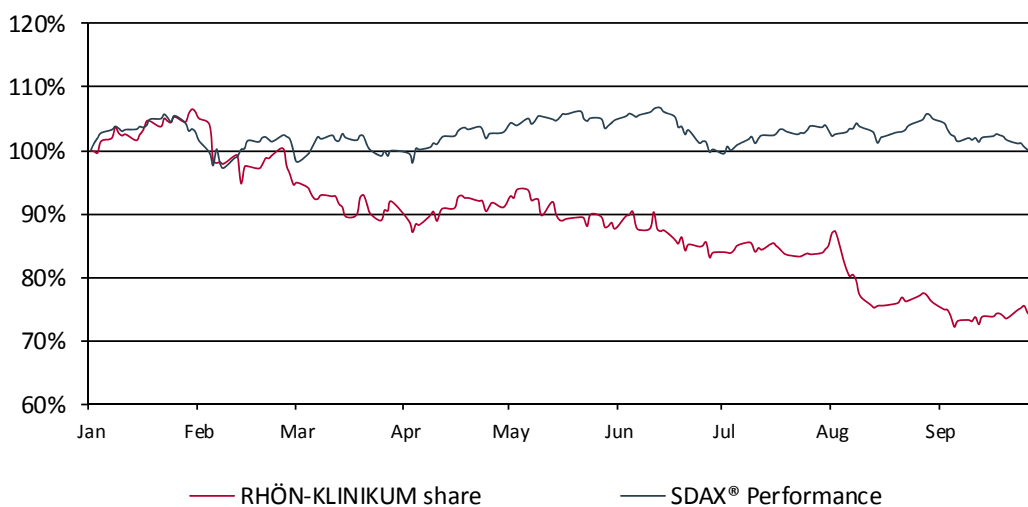
The European Central Bank (ECB) left its key rate unchanged at zero per cent and at its meeting on 13 September 2018 resolved to gradually phase out the bond purchase programme. Monthly net purchases are slated to decline from € 30 billion to € 15 billion as of October and end completely by year-end 2018. Key rates are to remain at their currently low levels at least through the summer of 2019. At its meeting on

26 September 2018, the US Federal Reserve (Fed), as expected, raised its key rate by 0.25 percentage points into the range of between 2.00% and 2.25%.

The upbeat economic mood at the beginning of the year was subdued in particular due to the trade dispute. In Germany, the ifo business climate index fell from 105.0 points in January 2018 to a low for the year of 101.7 points. In August 2018 it witnessed a surprisingly sharp rise to 103.9 points as a result of the positive performance in the domestic economy and the truce in the trade conflict with the USA. In September 2018 it declined slightly to 103.7 points.

The German leading index DAX® posted a new all-time high of 13,560 points on 23 January 2018 before consolidating to 11,787 points. During the third quarter, the DAX® declined by 0.5% and ended the third quarter of 2018 at 12,247 points. The SDAX® lost 0.7%. The DJ EURO STOXX 50® rose 0.1% and DJ EURO STOXX Healthcare® fell 0.8%.

RHÖN-KLINIKUM share in comparison with the SDAX®



Source: XETRA®, stock performance indexed (2 January 2018 = 100)

RHÖN-KLINIKUM share		
ISIN	DE0007042301	
Ticker symbol	RHK	
Share capital (€)	167,406,175	
Number of shares	66,962,470	
Share prices (€)	1 Jan. - 30 Sept. 2018	1 Jan.-31 Dec. 2017
Closing	22.14	29.88
High	31.70	30.70
Low	21.50	23.65
	30 Sept. 2018	31 Dec. 2017
Market capitalisation (€ m)	1,482.55	2,000.83

The share of RHÖN-KLINIKUM AG ended the third quarter of 2018 at a closing price of € 22.14 (29 December 2017: € 29.88) and declined over the third quarter by 11.4%. Given the small free float and now on average lower trading volumes, the price of the RHÖN share at the end of the third quarter of 2018 is at a lower level as compared with 31 December 2017.

At the end of the third quarter of the year our market capitalisation, including all issued 66.96 million non-par shares, stood at € 1.5 billion (31 December 2017: € 2.0 billion). In terms of the index ranking, we were 154th by market capitalisation.

A financial calendar is provided at the end of this Report as well as on our website at www.rhoen-klinikum-ag.com under the section "Investor Relations".

GROUP INTERIM MANAGEMENT REPORT

REPORT ON THE THIRD QUARTER OF 2018 AND THE FIRST NINE MONTHS OF FINANCIAL YEAR 2018

- With the plausibility test of the agreement on separate accounting having been performed by an independent auditor, the last contingent condition was met. This had a positive one-off effect on our EBITDA of the first nine months of 2018 to the tune of roughly € 20.0 million.
- With revenues of € 928.5 million (+ 2.9%), EBITDA of € 102.5 million (+ 32.1%) and consolidated profit of € 47.6 million (+ 76.3%) for the first nine months of financial year 2018, we have met our financial targets.
- We continue to press ahead with our campus strategy being implemented for the first time with the new RHÖN-KLINIKUM Campus Bad Neustadt. The RHÖN-KLINIKUM Campus Bad Neustadt is about to be completed and will be opened at the turn of the year 2018/2019.
- As a trailblazer of digital transformation, we have made significant progress during the reporting period in the use of digital applications. This includes testing, introducing and constantly enhancing digital solutions in the physician, nursing and administrative areas.

BASIC PRINCIPLES OF THE RHÖN-KLINIKUM GROUP

The condensed interim consolidated financial statements of RHÖN-KLINIKUM AG for the year ended 30 September 2018 have been prepared in accordance with the provisions of IAS 34 in condensed form, and applying section 315e of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are the subject of mandatory adoption in accordance with the Regulation No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union in financial year 2018.

The accounting and valuation methods applied, to the extent already applied in financial year 2017 and consistently applied in financial year 2018, are set out in detail in the Consolidated Financial Statement of RHÖN-KLINIKUM AG as at 31 December 2017. The accounting policies applicable for the first time in financial year 2018 are explained in the Condensed Notes to this Interim Report. On a current view, these will have the effects as stated in the Condensed Notes on the presentation of the net assets, financial position and results of operations of the Group of RHÖN-KLINIKUM AG.

In accordance with IAS 33, earnings per share were determined according to the weighted average number of ordinary shares outstanding on a pro rata temporis basis.

If data are provided below on individual companies, these are values before consolidation. For computational reasons, rounding differences of \pm one unit (€, %, etc.) may occur in the tables.

CORPORATE GOVERNANCE

With effect from 31 December 2017 Ms. Bettina Böttcher and with effect from 28 February 2018 Mr. Björn Borgmann, each as employee representative member, left the Supervisory Board. Since 1 January 2018 Ms. Natascha Weihs and since 1 March 2018 Mr. Oliver Salomon have been on the Supervisory Board as new substitute members.

On 28 March 2018 the Supervisory Board resolved unanimously to remove Dr. Dr. Martin Siebert as member of the Board of Management of the Company with immediate effect and unanimously appointed Dr. Gunther K. Weiß, M.Sc., as member of the Board of Management with effect from 1 May 2018. The responsibilities within the Board of Management were adjusted accordingly.

Moreover, the allocation of responsibilities within the Board of Management as well as within the Supervisory Board is regularly adapted to changing requirements.

The notifications pursuant to section 33 et seq. of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) received in the first nine months of financial year 2018 are presented in the Notes to this Financial Report. We refer to our website for a detailed list of the notifications.

During the reporting period, RHÖN-KLINIKUM AG received no notifications pursuant to section 38 WpHG and no notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014.

The Declaration on Corporate Governance, the Declaration of Compliance pursuant to section 161 of the AktG and the Corporate

Governance Report jointly issued by the Board of Management and the Supervisory Board were updated on 28 March 2018 and published on our website. All other elements of our corporate constitution have remained unchanged during the financial year to date. In this regard we refer to our explanations provided in the Management Report of the Consolidated Financial Statements of financial year 2017.

ECONOMIC REPORT

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

The German economy is still on a solid path for growth, albeit with slightly waning momentum. Despite international and trade policy uncertainties, the upswing is being carried by stable domestic demand. The difficult external economic environment is also having an adverse impact on German exports of goods and services.

The ifo business climate index was subdued slightly: in September 2018 the index fell to 103.7 points. In August 2018 it stood at 103.9 points. Assessments on the current situation have worsened slightly, but remain at a high level. Expectations were also revised downwards slightly.

The trend on the labour market is positive. The rate of employment continues to rise as unemployment declines. The jobs index of the German Federal Employment Agency (BA-X), which shows the seasonal trend in labour demand, after an interim decline, was up by 5 points in September 2018, reaching 257 points. The previous year's level is exceeded by 13 points. Labour demand in Germany is continuing unbroken at its high level. As economic activity begins to pick up in the autumn, the number of employed declined from August 2018 to September 2018 by 94 thousand or 4% to 2,256 thousand persons. The jobless rate as calculated by the German Federal Employment Agency for Septem-

ber 2018 is around 5.0%. This is a decline of 0.5 percentage points compared with September 2017. The seasonally adjusted jobless rate declined compared with the previous month by 0.1 percentage points to 5.1%.

In September 2018, consumer prices as calculated by the Federal Statistical Office were 2.3% higher than in September 2017. Compared with the previous month of August 2018, the consumer price index rose in September 2018 by 0.4%.

The healthcare industry continues to be hampered by the regulatory measures following the Act Reforming the Structures of Hospital Care (Krankenhausstrukturgesetz, KHSKG) such as the further reduction in remuneration for material cost-intensive services, in particular for cardiological and specialist orthopaedic patients, as well as the fixed cost degression discount applicable since the previous year that replaced the discount on surplus service volumes. However, demand for medical services continues to rise, but in contrast remuneration is not being adequately adjusted. That means that the gap between hospital revenues and costs is further widening and that this trend will have a detrimental impact on the operating side. The financial situation of hospitals in Germany thus continues to be difficult.

BUSINESS PERFORMANCE OF THE FIRST NINE MONTHS

Overall statement on economic position

January to September	2018	2017	Change	
	€ m	€ m	€ m	%
Revenues	928.5	902.5	26.0	2.9
EBITDA	102.5	77.6	24.9	32.1
EBIT	57.2	33.5	23.7	70.7
EBT	56.6	32.7	23.9	73.1
Consolidated profit	47.6	27.0	20.6	76.3

The last contingent condition of the agreement reached in 2017 with the Federal State of Hesse and the Universities of Giessen and Marburg on the issue of cost reimbursements for research and teaching (separate accounting) has now been met and

impacts our key figures of the first nine months of financial year 2018 with a one-off positive earnings contribution of roughly € 20.0 million. In the first nine months of financial year 2018 we record a rise in EBITDA by € 24.9 million or 32.1% to € 102.5 million, a rise in EBIT by € 23.7 million or 70.7% to € 57.2 million, as well as a rise in consolidated profit by € 20.6 million or 76.3% to € 47.6 million compared with the same period last year.

The regulatory measures following the Act Reforming the Structures of Hospital Care (Krankenhausstrukturgesetz, KHSKG) such as the reduction in remuneration for material cost-intensive services, in particular for cardiological and specialist orthopaedic services, as well as the fixed cost degression discount applicable since 1 January 2017, continue to put a drag on our organic development. A further burden also comes from the increasing inspection rate and more restrictive inspection practice of the Medical Review Board of the Statutory Health Insurance Funds (MDK). Moreover, the trend of a widening gap between revenues and costs that has persisted within the hospital sector for years continues to have an impact on the operating side.

Our expertise in dealing with these regulatory framework conditions, our flexibility as well as our trailblazing role in innovation and digitalisation are the best means of holding our own in a challenging market environment.

Besides the regulatory challenges in the healthcare system, we are also feeling the increasing effects from the shortage of specialist staff to which we have responded and will continue to respond with numerous measures. We offer modern remuneration structures, an attractive work environment, in-house kindergartens at the hospitals, provision of affordable apartments, etc. in addition to a wide range of career options and benefits.

In the first nine months, we further pressed ahead with our core issues of the RHÖN

Campus strategy, digitalisation and the measures initiated in 2017 to consistently improve profitability. The RHÖN Campus strategy, which integrates outpatient and inpatient services at one site and includes offerings tailored to the elderly such as rehabilitation and nursing, is being realised in its ideal form with the new RHÖN-KLINIKUM Campus Bad Neustadt slated to open at the turn of the year 2018/2019. The planned roll-out of our RHÖN Campus strategy to other locations in Germany continues to be in fully swing.

The improvement of profitability continues to be given high priority in our action plan. For example, we have optimised internal processes in our cooperation with the MDK with a view to reducing losses of receivables. In addition, processes relating to patient documentation have been made more efficient. The use of intelligent software enables patient-specific coding recommendations and coding clarifications by which the revenues for services rendered can be secured whilst complying with German coding guidelines.

Trend in service volumes

	Hospitals	Beds
As at 31 December 2017	11	5,370
Change in capacities	-	-
As at 30 September 2018	11	5,370

As at 30 September 2018, our consolidated financial statements included eleven hospitals with 5,370 beds/places at a total of five sites in four federal states. Since 31 December 2017 there have been no changes in the number of approved beds as part of our acute-inpatient capacities.

As at 30 September 2018, we operate seven medical care centres with a total of 42.00 specialist practices:

	Medical care centres	Specialist practices
As at 31 December 2017	7	40.00
Opened/acquired		
MVZ Bad Berka	-	2.00
As at 30 September 2018	7	42.00

Patient numbers at our hospitals and medical care centres developed as follows:

January to September	2018	2017	Change	
			absolute	%
Inpatient and semi-inpatient treatments at our				
Acute hospitals	158,742	159,003	-261	-0.2
Rehabilitation hospitals and other facilities	3,687	3,718	-31	-0.8
	162,429	162,721	-292	-0.2
Outpatient attendances at our				
Acute hospitals	348,393	353,284	-4,891	-1.4
Medical care centres	133,355	115,648	17,707	15.3
	481,748	468,932	12,816	2.7
Total	644,177	631,653	12,524	2.0

In the first nine months of financial year 2018, we treated a total of 644,177 patients (+ 12,524 patients or + 2.0%) in our hospitals and medical care centres. Whereas the number of patients treated on an outpatient basis rose by 12,816 or 2.7%, case numbers of patients treated on an inpatient and semi-inpatient basis declined slightly by - 292 or - 0.2%.

Per-case revenues in the inpatient and outpatient area were as follows:

January to September	2018	2017
Per-case revenue		
inpatient (€)	5,217	5,088
outpatient (€)	168	159

Compared with the first nine months of financial year 2017, per-case revenue rose by 2.5% in the inpatient area and by 5.7% in the outpatient area.

Results of operations

Consolidated performance figures developed as shown below:

January to September	2018	2017	Change	
	€ m	€ m	€ m	%
Income				
Revenues	928.5	902.5	26.0	2.9
Other income	134.4	111.8	22.6	20.2
Total	1,062.9	1,014.3	48.6	4.8
Expenditure				
Materials and consumables used	279.1	255.7	23.4	9.2
Employee benefits expense	593.1	587.0	6.1	1.0
Other expenses	88.1	94.0	-5.9	-6.3
Result of impairment on financial assets	0.1	-	0.1	n.a.
Total	960.4	936.7	23.7	2.5
EBITDA	102.5	77.6	24.9	32.1
Depreciation/amortisation and impairment	45.3	44.1	1.2	2.7
EBIT	57.2	33.5	23.7	70.7
Finance result	0.6	0.8	-0.2	-25.0
EBT	56.6	32.7	23.9	73.1
Income taxes	9.0	5.7	3.3	57.9
Consolidated profit	47.6	27.0	20.6	76.3

In the first nine months of financial year 2018 we record a rise in EBITDA by € 24.9 million or 32.1% to € 102.5 million, a rise in EBIT by € 23.7 million or 70.7% to € 57.2 million, as well as a rise in consolidated profit by € 20.6 million or 76.3% to € 47.6 million compared with the same period last year. In this context it has to be kept in mind that the agreement on separate accounting between RHÖN-KLINIKUM AG, Universitätsklinikum Gießen und Marburg, the Federal State of Hesse and the two Universities of Giessen and Marburg took effect, that the last outstanding condition has now been met and that as a result our key figures are positively impacted to the tune of a one-off amount of roughly € 20.0 million before tax.

Compared with the same period last year, revenues witnessed a rise of € 26.0 million or 2.9%. In this regard it has to be kept in mind that revenues of the first nine months of financial year 2018 are being burdened by implementation of the provisions of IFRS 15 subject to mandatory adoption as of 1 January 2018. As a result of this, revenue reductions due to verity risks previously reported under depreciation on receivables are no longer to be reported under the other expenses item but included in the realisation of revenues. In the previous year these revenue reductions were essentially reported under other expenses. Moreover, revenues of the first nine months of 2018 are helped by the invoicing of an additional remuneration component for the medicamentous treatment of SMA (spinal muscle atrophy), which is remunerated in addition to the relevant DRG and burdens by the same amount the item materials and consumables used.

January to September	2018 %	2017 %
Materials ratio	30.1	28.3
Personnel ratio	63.9	65.0
Other cost ratio	9.5	10.5
Depreciation and amortisation ratio	4.8	4.9
Finance result ratio	0.1	0.1
Effective tax ratio	1.0	0.6

Compared with the same period last year, materials and consumables used in the first

nine months of 2018 witnessed a rise of € 23.4 million or 9.2%, and the materials ratio rose from 28.3% to 30.1%. The rise includes expenditures for the medicamentous treatment of SMA (spinal muscle atrophy), which are remunerated in the same amount and reported under revenues. Adjusted for this effect, the materials ratio worsened slightly 28.3% to 28.5%.

Employee benefits expenses saw a rise of € 6.1 million or 1.0% compared with the same period last year. The personnel expense ratio declined from 65.0% to 63.9%. In this regard it has to be taken into account that employee benefits expenses of the first nine months of 2018 include positive effects from separate accounting and that the figure for employee benefits expenses of the first nine months of 2017 included one-off expenditures from changes in the Board of Management in the low single-digit million range.

The other expenses item declined by € 5.9 million or 6.3% primarily as a result of the implementation of IFRS provisions subject to mandatory adoption from 1 January 2018. During the current financial year, these will be reported under revenues. The other expense ratio declined from 10.5% to 9.5%.

The negative result from the impairment on financial assets in the amount of € 0.1 million results from IFRS 9, subject to first-time mandatory adoption as of 1 January 2018, which among other things governs the future expected losses of financial assets.

Depreciation/amortisation and impairment increased compared with the same period last year by € 1.2 million or 2.7% to € 45.3 million as a result of investments. The depreciation rate nonetheless edged downwards from 4.9% to 4.8%.

The improvement in the finance result in the first nine months of financial year 2018 by € 0.2 million to € - 0.6 million is attributed to declining loss shares in companies consolidated using the equity method. This was counteracted by increased financing

expenditures from the syndicated line of credit, concluded in October 2017, that was made available for the first time over a nine-month period, as well as impairments on a loan to Marburger Ionenstrahl-Therapie Betriebs-Gesellschaft des Universitätsklinikums Heidelberg mit beschränkter Haftung and declining finance income results given the lower volume of investment.

At an unchanged rate of taxation, the income tax expense item rose by € 3.3 million or 57.9% to € 9.0 million (previous year: € 5.7 million), particularly as a result of the higher tax assessment basis compared with same period of the previous year.

Compared with the first nine months of financial year 2017 consolidated profit rose by € 20.6 million or 76.3% to € 47.6 million (previous year: € 27.0 million).

Non-controlling interests in profit increased compared with the same period last year by € 0.5 million or 35.7% to € 1.9 million (previous year: € 1.4 million).

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first nine months of 2018 rose by € 20.0 million or 78.1% to € 45.6 million compared with the same period last year (previous year: € 25.6 million). The interest in profit of the shareholders corresponds to earnings per share of € 0.68 (previous year: € 0.38) in accordance with IAS 33 (undiluted/diluted).

The total comprehensive income (sum of net consolidated profit and other earnings) stood at € 47.7 million (previous year: € 27.2 million) in the first nine months of financial year 2018.

Net assets and financial position

	30 Sept. 2018		31 Dec. 2017	
	€ m	%	€ m	%
ASSETS				
Non-current assets	986.2	66.5	968.8	65.8
Current assets	495.9	33.5	502.6	34.2
	1,482.1	100.0	1,471.4	100.0
EQUITY AND LIABILITIES				
Equity	1,155.9	78.0	1,125.3	76.5
Long-term loan capital	17.2	1.2	25.2	1.7
Short-term loan capital	309.0	20.8	320.9	21.8
	1,482.1	100.0	1,471.4	100.0

Compared with the balance sheet date of 31 December 2017, the balance sheet total rose by € 10.7 million or 0.7% to € 1,482.1 million (previous year: € 1,471.4 million). In this context our non-current assets increased essentially as a result of the scheduled realisation of our investment programmes. The decline in short-term debt capital is attributed among other things to utilisation of the provision formed for legal and fiscal risks in connection with the sale of subsidiaries and the fiscal risks triggered as a result of that.

The equity capital ratio rose compared with the last reporting date from 76.5% to 78.0% and thus remains at a very high level.

The following table shows the change in equity as at the last reporting date:

Equity	2018			2017
	Shareholders	Non-controlling interests	Total	Total
	€ m	€ m	€ m	€ m
As at 1 January before adjustments	1,102.3	23.0	1,125.3	1,113.4
Adjustments through adoption of IFRS 9 (after tax)	-1.1	-0.1	-1.2	-
As at 1 January after adjustments	1,101.2	22.9	1,124.1	1,113.4
Equity transactions with owners	-14.7	-1.2	-15.9	-24.9
Total comprehensive income of the period	45.8	1.9	47.7	27.2
Other changes	-	-	-	-
As at 30 September	1,132.3	23.6	1,155.9	1,115.7

As at 30 September 2018, equity stands at € 1,155.9 million (31 December 2017: € 1,125.3 million). At the initial adoption date of 1 January 2018 for IFRS 9, a decline in financial assets without effect on the income statement occurred in connection with inclusion of the future expected loss of financial assets. This resulted in a € 1.2 million decline in equity. Distributions to RHÖN-KLINIKUM AG shareholders and non-controlling interests in profit amounting to € 15.9 million as well as losses from the change in fair value through other comprehensive income (FVOCI) in the amount of € 0.1 million likewise resulted in a reduction in equity. A counter-effect, thus increasing equity, came from consolidated profit of the first nine months of 2018 amounting to € 47.6 million as well as gains from the revaluation of defined benefit pension plans in the amount of € 0.2 million.

119.0% (31 December 2017: 118.8%) of non-current assets is nominally covered by equity and non-current liabilities at matching maturities. As at 30 September 2018, we report net liquidity of € 143.5 million (31 December 2017: € 253.7 million). Our net liquidity is calculated as follows:

	30 Sept. 2018 € m	31 Dec. 2017 € m
Current cash	72.7	122.5
Current fixed term deposits	74.6	105.1
Non-current fixed term deposits	0.0	30.0
Cash, fixed term deposits	147.3	257.6
Current financial liabilities	-	-
Non-current financial liabilities	-	-
Finance lease liabilities	3.8	3.9
Financial liabilities	3.8	3.9
Net liquidity	143.5	253.7

The origin and appropriation of our liquidity are shown in the following overview:

January to September	2018 € m	2017 € m
Cash used in/generated from operating activities	-3.8	52.4
Cash used in/generated from investing activities	-29.9	28.3
Cash used in financing activities	-16.1	-34.6
Change in cash and cash equivalents	-49.8	46.1
Cash and cash equivalents at 1 January	122.5	80.8
Cash and cash equivalents at 30 September	72.7	126.9

Cash and cash equivalents diminished in the first nine months of 2018 by € 49.8 million (first nine months of 2017 increase by € 46.1 million).

The change compared with the same period last year is the deviation of cash generated from/used in operating activities resulting from the increase in trade receivables among other things due to the introduction of a new hospital billing system at one hospital. Moreover, the reimbursement of the costs of research and teaching at Universitätsklinikum Giessen und Marburg no longer takes place monthly but quarterly. Moreover, the provision for fiscal and legal risks from the sale of subsidiaries was partially utilised with effect in cash.

Furthermore, cash generated from/used in investing activities diminished as a result of lower terminations of fixed deposits in the first nine months of financial year 2018.

Investments

Aggregate investments of € 103.1 million (previous year: € 78.6 million) in the first nine months of financial year 2018 are shown in the following table:

	Use of		
	Gov't grants € m	Own funds € m	Total € m
Current investments	8.8	93.7	102.5
Takeovers	-	0.6	0.6
Total	8.8	94.3	103.1

Of these investments made in the first nine months of 2018, € 8.8 million (previous year: € 7.7 million) was attributable to investments funded from grants under hospital financing legislation and deducted from total investments pursuant to the relevant provisions of IFRS.

An analysis of our investments financed from Company funds by site is given below:

	€ m
Bad Neustadt a. d. Saale	70.0
Gießen, Marburg	14.3
Frankfurt (Oder)	6.9
Bad Berka	3.1
Total	94.3

Investments financed from Company funds are dominated by our campus new build in Bad Neustadt a. d. Saale.

The agreement with the Federal State of Hesse in connection with the financing of the services to be rendered for research and teaching at the Group's university hospitals provides for investment commitments in the amount of € 100.0 million over the next five years.

As at the balance sheet date, we do not have any investment obligations under company acquisition agreements entered into.

Employees

Employees	30 Sept. 2018	31 Dec. 2017	Change	
			absolute	%
Hospitals	15,024	14,939	85	0.6
Medical care centres	242	218	24	11.0
Service companies	1,563	1,531	32	2.1
Total	16,829	16,688	141	0.8

On 30 September 2018, the Group employed 16,829 persons (31 December 2017: 16,688).

BUSINESS PERFORMANCE OF THE THIRD QUARTER

July to September	2018	2017	Change	
	€ m	€ m	€ m	%
Revenues	308.3	304.0	4.3	1.4
EBITDA	51.3	27.4	23.9	87.2
EBIT	36.3	12.6	23.7	188.1
EBT	35.7	12.4	23.3	187.9
Consolidated profit	30.0	10.0	20.0	200.0

In the third quarter of financial year 2018 we record a rise in EBITDA by € 23.9 million or 87.2% to € 51.3 million, a rise in EBIT by € 23.7 million or 188.1% to € 36.3 million, as well as a rise in consolidated profit by € 20.0 million or 200.0% to € 30.0 million compared with the same period last year. The key earnings figures of the third quarter of 2018 include the positive effect from the agreement between RHÖN-KLINIKUM AG, Universitätsklinikum Gießen und Marburg, the Federal State of Hesse and the two Universities of Giessen and Marburg relating to separate accounting in the one-off amount of roughly € 20.0 million.

Compared with the same period last year, revenues witnessed a rise of € 4.3 million or 1.4% in the third quarter of 2018. In this regard it has to be kept in mind that revenues of the third quarter of 2018 are being burdened by implementation of the provisions of IFRS 15 subject to mandatory adoption as of 1 January 2018. As a result of this, revenue reductions due to verify risks previously

reported under depreciation on receivables are no longer to be reported under the other expenses item but included in the realisation of revenues. In the previous year these revenue reductions were essentially reported under other expenses. Furthermore, revenues of the third quarter of 2018 have been helped by the invoicing of an additional remuneration component for the treatment of SMA, which is remunerated in addition to the relevant DRG and burdens the item materials and consumables used by the same amount.

Besides the regulatory challenges in the healthcare system, especially the effects of the shortage of specialist staff in parts of our hospitals as well as wage increases, are continuing to impact our margins. We have already begun and will also continue to implement measures to highlight to an even greater extent our attractiveness as an employer. In addition to a modern remuneration structure, an attractive work environment, provision of affordable residential options, e.g. for our nurses, apprentices and students, we offer a wide range of career options and benefits.

RISKS AND OPPORTUNITIES

The risk management system in place as well as the individual Company risks and opportunities are described in the Annual Report 2017 on pages 91 to 96. The statements there essentially continue to apply unchanged. We do not see any risks posing a threat to the Company's existence, neither for the individual subsidiaries nor for the Group.

FORECAST

RHÖN-KLINIKUM AG pursues the objective of diagnosing and treating our patients with the latest, scientifically sound therapy procedures with state-of-the-art medical technology. Our corporate activities are essentially aimed at keeping the Company lean and agile, promoting exchange of knowledge and

experience and offering market-oriented services at a high quality level. At the forefront of our activities are strengthening treatment excellence and patient care by implementing the RHÖN Campus approach, the digital transformation of the Company and network medicine.

Also in future, we will help our patients have access to unrestricted cutting-edge medical services. In order to provide anamnesis, diagnosis and treatment quickly and to the very best standards of quality, we are also going new ways in IT. State-of-the-art clinical information systems, electronic patient files and new tools such as the Medical Cockpit scheduled to be launched at the end of 2018 on our Campus Bad Neustadt a.d. Saale, and through which we provide doctors and nurses with a fast guidance and analysis tool for patient data, are the decisive prerequisites enabling us to take these new paths for optimum and fast treatment of patients also on an economically viable basis. We will continue to press ahead with our efforts in the area of digitalisation. At the same time, digitalisation also provides the basis for significantly optimised patient management, integration and harmonisation of outpatient and inpatient care, and the interlinking of related services as well as numerous applications in the area of telemedicine.

Bad Neustadt a.d. Saale, 9 November 2018

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Stephan Holzinger

Dr. Gunther K. Weiß

Also in financial year 2018, the economic basis of the RHÖN-KLINIKUM Group will be provided by its five large sites in four federal states counting some 5,400 beds and nearly 17,000 employees. That makes us one of the largest hospital operators in Germany.

For the current financial year 2018, we continue to expect revenues of € 1.24 billion within a range of plus or minus 5%. The persistent regulatory measures are having a particularly heavy impact on us as a provider of maximum care, such as lower remuneration for services entailing high material cost intensity, particularly cardiological medical services, or the fixed cost depression discount on surplus services.

For earnings before interest, tax and depreciation/amortisation (EBITDA), we continue to expect a level of between € 117.5 million and € 127.5 million in 2018. Besides other effects, EBITDA is being influenced by the agreement on separate accounting at Universitätsklinikum Giessen und Marburg.

Our outlook is subject to any regulatory measures impacting our remuneration structure for our medical services during the remainder of the year.

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Consolidated Income Statement and Consolidated Statement of Comprehensive Income, January to September

January to September	2018		2017	
	€ '000	%	€ '000	%
Revenues	928,498	100.0	902,451	100.0
Other income	134,376	14.5	111,832	12.4
	1,062,874	114.5	1,014,283	112.4
Materials and consumables used	279,054	30.1	255,744	28.3
Employee benefits expense	593,057	63.9	586,963	65.0
Other expenses	88,138	9.5	93,971	10.5
Result of impairment on financial assets	162	0.0	-	-
	960,411	103.5	936,678	103.8
Interim result (EBITDA)	102,463	11.0	77,605	8.6
Depreciation/amortisation and impairment	45,293	4.8	44,095	4.9
Operating result (EBIT)	57,170	6.2	33,510	3.7
Result of investments accounted for using the equity method	81	0.0	-690	-0.1
Finance income	274	0.0	500	0.1
Finance expenses	1,032	0.1	611	0.1
Result of impairment on financial investments	-59	0.0	-	-
Finance result (net)	618	0.1	801	0.1
Earnings before taxes (EBT)	56,552	6.1	32,709	3.6
Income taxes	8,992	1.0	5,713	0.6
Consolidated profit	47,560	5.1	26,996	3.0
of which				
non-controlling interests	1,938	0.2	1,426	0.2
shareholders of RHÖN-KLINIKUM AG	45,622	4.9	25,570	2.8
Earnings per share in €				
undiluted	0.68		0.38	
diluted	0.68		0.38	

January to September	2018	2017
	€ '000	€ '000
Consolidated profit	47,560	26,996
of which		
non-controlling interests	1,938	1,426
shareholders of RHÖN-KLINIKUM AG	45,622	25,570
Changes in fair value of financial investments through other comprehensive income (FVOCI)	-78	-
Income taxes	13	-
Other comprehensive income (changes in fair value of financial investments through other comprehensive income) not subsequently reclassified to income statement	-65	-
Revaluation of defined benefit pension plans	302	190
Income taxes	-48	- 30
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	254	160
Total other comprehensive income¹	189	160
of which		
non-controlling interests	0	0
shareholders of RHÖN-KLINIKUM AG	189	160
Total comprehensive income	47,749	27,156
of which		
non-controlling interests	1,938	1,426
shareholders of RHÖN-KLINIKUM AG	45,811	25,730

¹ Sum of value changes recognised at equity.

Consolidated Income Statement and Consolidated Statement of Comprehensive Income, July to September

July to September	2018		2017	
	€ '000	%	€ '000	%
Revenues	308,317	100.0	304,011	100.0
Other income	58,678	19.0	36,828	12.1
	366,995	119.0	340,839	112.1
Materials and consumables used	95,272	30.9	86,567	28.5
Employee benefits expense	191,752	62.2	195,428	64.3
Other expenses	28,887	9.4	31,433	10.3
Result of impairment on financial assets	-243	-0.1	-	-
	315,668	102.4	313,428	103.1
Interim result (EBITDA)	51,327	16.6	27,411	9.0
Depreciation/amortisation and impairment	15,017	4.8	14,806	4.9
Operating result (EBIT)	36,310	11.8	12,605	4.1
Result of investments accounted for using the equity method	52	0.0	-119	0.0
Finance income	51	0.0	115	0.0
Finance expenses	714	0.2	197	0.0
Result of impairment on financial investments	7	0.0	-	-
Finance result (net)	618	0.2	201	0.0
Earnings before taxes (EBT)	35,692	11.6	12,404	4.1
Income taxes	5,723	1.9	2,355	0.8
Consolidated profit	29,969	9.7	10,049	3.3
of which				
non-controlling interests	1,342	0.4	461	0.1
shareholders of RHÖN-KLINIKUM AG	28,627	9.3	9,588	3.2
Earnings per share in €				
undiluted	0.43		0.14	
diluted	0.43		0.14	

July to September	2018	2017
	€ '000	€ '000
Consolidated profit	29,969	10,049
of which		
non-controlling interests	1,342	461
shareholders of RHÖN-KLINIKUM AG	28,627	9,588
Changes in fair value of financial investments through other comprehensive income (FVOCI)	-1,212	-
Income taxes	192	-
Other comprehensive income (changes in fair value of financial investments through other comprehensive income) not subsequently reclassified to income statement	-1,020	-
Revaluation of defined benefit pension plans	5	6
Income taxes	-1	-1
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	4	5
Total other comprehensive income¹	-1,016	5
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	-1,016	5
Total comprehensive income	28,953	10,054
of which		
non-controlling interests	1,342	461
shareholders of RHÖN-KLINIKUM AG	27,611	9,593

¹ Sum of value changes recognised at equity.

Consolidated Balance Sheet as at 30 September 2018

	30 Sept. 2018		31 Dec. 2017	
	€ '000	%	€ '000	%
ASSETS				
Non-current assets				
Goodwill and other intangible assets	176,003	11.9	174,482	11.8
Property, plant and equipment	794,673	53.6	747,050	50.8
Investment property	2,525	0.2	2,631	0.2
Investments accounted for using the equity method	389	0.0	389	0.0
Deferred tax assets	7,540	0.5	9,134	0.6
Other financial assets	5,076	0.3	35,153	2.4
	986,206	66.5	968,839	65.8
Current assets				
Inventories	23,800	1.6	25,022	1.7
Trade receivables	242,869	16.4	203,963	13.9
Other financial assets	139,481	9.4	140,021	9.5
Other assets	16,146	1.1	9,385	0.6
Current income tax assets	945	0.1	1,716	0.1
Cash and cash equivalents	72,656	4.9	122,452	8.4
	495,897	33.5	502,559	34.2
	1,482,103	100.0	1,471,398	100.0

	30 Sept. 2018		31 Dec. 2017	
	€ '000	%	€ '000	%
EQUITY AND LIABILITIES				
Equity				
Issued share capital	167,406	11.3	167,406	11.4
Capital reserve	574,168	38.7	574,168	39.0
Other reserves	390,766	26.4	360,803	24.5
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,132,264	76.4	1,102,301	74.9
Non-controlling interests in equity	23,645	1.6	22,955	1.6
	1,155,909	78.0	1,125,256	76.5
Non-current liabilities				
Provisions for post-employment benefits	2,054	0.2	2,288	0.2
Other financial liabilities	15,150	1.0	15,005	1.0
Other liabilities	0	0.0	7,982	0.5
	17,204	1.2	25,275	1.7
Current liabilities				
Trade payables	94,887	6.4	108,225	7.3
Current income tax liabilities	5,136	0.3	1,299	0.1
Other provisions	69,069	4.7	92,673	6.3
Other financial liabilities	24,107	1.6	19,909	1.4
Other liabilities	115,791	7.8	98,761	6.7
	308,990	20.8	320,867	21.8
	1,482,103	100.0	1,471,398	100.0

Consolidated Statement of Changes in Equity

	Issued share capital	Capital reserve	Retained earnings	Treasury shares	Equity attributable to shareholders of RHÖN-KLINIKUM AG	Non-controlling interests in equity ¹	Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
As at 31 Dec. 2016/1 Jan. 2017	167,406	574,168	349,057	-76	1,090,555	22,828	1,113,383
Equity transactions with owners							
Dividend payments	-	-	-23,429	-	-23,429	-1,459	-24,888
Consolidated profit	-	-	25,570	-	25,570	1,426	26,996
Other comprehensive income	-	-	160	-	160	-	160
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 30 September 2017	167,406	574,168	351,358	-76	1,092,856	22,795	1,115,651
As at 31 Dec. 2017/1 Jan. 2018 before adjustments	167,406	574,168	360,803	-76	1,102,301	22,955	1,125,256
Adjustments through adoption of IFRS 9 (after tax)	-	-	-1,122	-	-1,122	-30	-1,152
As at 31 Dec. 2017/1 Jan. 2018 after adjustments	167,406	574,168	359,681	-76	1,101,179	22,925	1,124,104
Equity transactions with owners							
Dividend payments	-	-	-14,726	-	-14,726	-1,218	-15,944
Consolidated profit	-	-	45,622	-	45,622	1,938	47,560
Other comprehensive income	-	-	189	-	189	-	189
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 30 September 2018	167,406	574,168	390,766	-76	1,132,264	23,645	1,155,909

¹ Including other comprehensive income (OCI).

Consolidated Statement of Cash Flows

January to September	2018 € m	2017 € m
Earnings before taxes	56.6	32.7
Finance result (net)	0.6	0.8
Depreciation/amortisation and impairment and gains/losses on disposal of assets	45.2	44.0
	102.4	77.5
Change in net current assets		
Change in inventories	1.2	0.7
Change in trade receivables	-39.7	-20.4
Change in other financial assets and other assets	-36.8	-12.0
Change in trade payables	-17.8	-6.7
Change in other net liabilities/other non-cash transactions	13.6	15.9
Change in provisions	-23.5	-1.1
Income taxes paid	-2.6	-0.9
Interest paid	-0.6	-0.6
Cash used in/generated from operating activities	-3.8	52.4
Investments in property, plant and equipment and in intangible assets	-98.1	-76.1
Government grants received to finance investments in property, plant and equipment and in intangible assets	8.8	7.8
Change in investments in fixed term deposits	60.1	100.0
Investments in financial assets	-0.6	-3.0
Acquisition of subsidiaries, net of cash acquired	-0.6	-1.2
Sale proceeds from disposal of assets	0.2	0.3
Interest received	0.3	0.5
Cash used in/generated from investing activities	-29.9	28.3
Repayment of financial liabilities	-	-10.0
Dividend payments to shareholders of RHÖN-KLINIKUM AG	-14.7	-23.4
Payments from finance leases	-0.2	0.3
Payments to non-controlling interests in equity	-1.2	-1.5
Cash used in financing activities	-16.1	-34.6
Change in cash and cash equivalents	-49.8	46.1
Cash and cash equivalents as at 1 January	122.5	80.8
Cash and cash equivalents as at 30 September	72.7	126.9

Condensed Notes

GENERAL INFORMATION

RHÖN-KLINIKUM AG and its subsidiaries build, acquire and operate primarily acute-care hospitals, with the focus being on medicine oriented towards maximum care with a direct tie-in to universities and research facilities. We moreover operate outpatient structures essentially in the form of medical care centres.

With the RHÖN Campus concept the Company is currently implementing an innovative and path breaking project which raises healthcare in rural areas to a new level of excellence by closely integrating outpatient and inpatient healthcare services and which is geared to the growing needs of patients.

We provide our services exclusively in Germany.

The Company is a stock corporation established under German law and has been listed on the stock market (SDAX®) since 1989. The registered office of the Company is in Bad Neustadt a.d. Saale, Salzburger Leite 1, Germany. The Company is entered in the Commercial Register of the Register Court of Schweinfurt under HRB 1670.

The Interim Consolidated Financial Statements will be published on 9 November 2018 on the website of RHÖN-KLINIKUM AG as well as with Deutsche Börse.

ACCOUNTING POLICIES

The Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG as at 30 September 2018 have been prepared in accordance with the rules of IAS 34 in condensed form applying section 315e of the German Commercial Code (Handelsgesetzbuch, HGB) and in accordance with the rules, effective at the reporting date and recognised by the European Union, of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Furthermore, the provisions of the German accounting standard DRS 16 were observed in the preparation of this Group Interim Report of the Management.

With the exception of the Standards described below, the same accounting, valuation and calculation methods as already adopted by the European Union were applied in the Interim Consolidated Financial Statements as in the Consolidated Financial Statements for the financial year ending on 31 December 2017.

The amendments to the Standards IFRS 2 and IAS 40, the Annual Improvements to IFRS (2014-2016 Cycle) as well as the Clarifications to IFRIC 22, which in each case are the subject of mandatory adoption as of 1 January 2018, have since been incorporated by the European Union into European law. The amendments are of no practical relevance for RHÖN-KLINIKUM AG. Likewise, the amendments to IFRS 9, which are the subject of mandatory adoption as of 1 January 2019, were

approved by the European Union in the first quarter of 2018. The amendments are of no practical relevance for RHÖN-KLINIKUM AG. Standards and Interpretations exceeding such scope were not yet incorporated into European law by the European Union in the first nine months of 2018.

IFRS 9, Financial Instruments, published by the IASB in July 2014, is a three-phase model for replacing IAS 39 and was incorporated into EU law in the Official Journal of the European Union (EU) on 22 November 2016. It is the subject of mandatory application for financial years commencing on or after 1 January 2018. The Standard contains provisions on the classification and measurement of financial instruments (Phase 1), on accounting for impairments of financial assets (Phase 2) as well as on hedge accounting (Phase 3). As of the initial adoption date, investments are measured at fair value directly in equity (fair value through other comprehensive income, without recycling). The other financial assets continue to be measured unchanged at amortised cost. Regarding the subject of impairment of financial assets or the amended impairment model, a decline in financial assets measured at amortised cost without effect on the income statement in the amount of € 1.4 million, and in equity in the amount of € 1.2 million (after tax) occurs as of the initial adoption date of 1 January 2018. Moreover, RHÖN-KLINIKUM AG currently does not use any hedging relationships and does not intend to do so in the near future either.

The Standard IFRS 15 published in September 2015 and the subject of mandatory adoption as of 1 January 2018, which governs the realisation of revenues, in the first nine months of 2018 results in a decline in revenues of € 8.7 million. At the same time, other expenses decrease in substantially the same amount.

The new Standard IFRS 16 published in January 2016 and the subject of mandatory adoption for financial years commencing on or after 1 January 2019 defines a lease as a contract which conveys the right to use an asset for a period of time in exchange for consideration. For lessees, the new Standard requires a totally new approach towards accounting for lease contracts. In future, therefore, every lease as a rule has to be represented with the lessee on the balance sheet as a financing transaction in the form of a right of use. For lessors, the accounting rules remain largely unchanged. The adoption of IFRS 16 as lessee is not likely to have any material impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG. Thus, within the balance sheet there will be an increase in assets and liabilities (balance sheet extension) as well as a lower equity ratio. Existing lease expenditure will benefit EBITDA, which in turn will result in an increase in the depreciation/amortisation item. As a result of the mark-up on lease liabilities, higher interest expenses will put a drag on the finance result and have an impact on EBT as of financial year 2019. A software package for IFRS 16 recording all contracts of relevance for the new Standard has already been installed. The process of recording the relevant data is proceeding on schedule. However, it is not yet possible to definitively quantify the impact at this time given the complexity of lease structures, particularly in the case of medical equipment. In all other respects, the adoption of IFRS 16 as lessor will have no material impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG.

The income tax expense was deferred in the reporting period based on the tax rate expected for the entire financial year.

CONSOLIDATED COMPANIES

The ultimate parent company is RHÖN-KLINIKUM AG with its registered office in Bad Neustadt a. d. Saale. The consolidated companies are as follows:

	31 Dec. 2017	Additions	Disposals	30 Sept. 2018
Fully consolidated subsidiaries	28	-	-	28
Companies consolidated using the equity method	2	-	-	2
Other subsidiaries	9	-	-1	8
Consolidated companies	39	-	-1	38

During the reporting period, our equity interest in the company Gesellschaft zur Durchführung des Schulversuchs Generalistische Pflegeausbildung mit beruflichen Schwerpunkten in Bayern UG (limited liability), Röhrmoos, in which we held an interest of 30%, was sold. The sale resulted in neither a gain nor a loss.

The management of Marburger Ionenstrahl-Therapie Betriebs-Gesellschaft des Universitätsklinikums Heidelberg mit beschränkter Haftung, Heidelberg, in which RHÖN-KLINIKUM AG holds an interest of 24.9%, filed for insolvency in September 2018. In the third quarter of 2018, an impairment on a loan granted in financial year 2018 in the amount of € 0.6 million was made.

Company acquisitions

As at 1 January of financial year 2018, two physician's practices were acquired in each case whose conditions of validity as per agreement were satisfied during the reporting period of 2018:

Purchase of physician's practices, January to September 2018	Fair value post acquisition
	€ m
Acquired assets and liabilities	
Intangible assets	0.0
Property, plant and equipment	0.0
Net assets acquired	0.0
+Goodwill	0.6
Cost	0.6
- Purchase price payments outstanding	0.0
- Acquired cash and cash equivalents	0.0
Cash outflow on transaction	0.6

Goodwill amounting to € 0.6 million essentially includes synergy effects expected from the expansion of medical care centres. The goodwill recognised is likely to be tax-deductible.

In financial year 2018 two further physician's practices were acquired whose conditions of validity as per agreement will be satisfied only on 1 January 2019.

Purchase of physician's practices valid as at 1 January 2019	Fair value post acquisition € m
Acquired assets and liabilities	
Intangible assets	0.0
Property, plant and equipment	0.0
Other liabilities	0.2
Net assets acquired	0.2
+ Goodwill	0.1
Cost	0.3
- Purchase price payments outstanding	-0.3
- Acquired cash and cash equivalents	0.0
Cash outflow on transaction	0.0

SELECTED NOTES TO THE INTERIM CONSOLIDATED INCOME STATEMENT

According to IFRS 8 – Operating Segments –, segment information on operating segments is to be presented in accordance with the internal reporting to the chief operating decision maker (management approach). The chief decision making body in our Group is the Board of Management. It is in this body that the strategic decisions are made for the Group and to this body that the key ratios of the hospitals, which represent our operating segments, are reported. We continue to have only one operating segment subject to reporting.

Revenues

January to September	2018 € m	2017 € m
Business Areas		
Acute hospitals	898.4	874.3
Medical care centres	10.9	8.8
Rehabilitation hospitals	19.2	19.4
	928.5	902.5
Regions		
Bavaria	194.9	194.5
Saxony	0.2	0.2
Thuringia	124.0	125.5
Brandenburg	103.6	101.9
Hesse	505.8	480.4
	928.5	902.5

According to IAS 15, revenues constitute revenues generated from the provision of services and rose compared with the same period last year by € 26.0 million or 2.9% to reach € 928.5 million.

As a result of implementation of the provisions of IFRS 15 to be adopted as of 1 January 2018, revenues of the first nine months of 2018 include revenue reductions of € 8.7 million which in the previous year were reported under other income or other expenses. Moreover, revenues of the first nine months of financial year 2018 have been helped by the invoicing of an additional remuneration component for the treatment of SMA (spinal muscle atrophy) in the amount of € 19.9 million, which is remunerated in addition to the relevant DRG and burdens by the same amount the item materials and consumables used. The drug concerned was authorised by the European Commission only at the beginning of July 2017. The drug was invoiced within the Group for the first time in the fourth quarter of 2017 as an additional remuneration component.

Other income

January to September	2018	2017
	€ m	€ m
Income from services rendered	117.9	96.4
Income from grants and other allowances	9.5	8.3
Income from adjustment of receivables	-	0.7
Income from indemnification payments/other reimbursements	0.6	0.2
Other	6.4	6.2
	134.4	111.8

Income from services rendered includes income from ancillary and incidental activities as well as income from rental and lease agreements.

The Group received grants and other allowances as compensation for certain purpose-tied expenses in connection with publicly funded measures (e.g. costs of personnel and materials for research and teaching, benefits under German legislation governing maternity leave, and for other subsidised measures).

Compared with the same period last year, the other income item witnessed a rise of € 22.6 million or 20.2% to € 134.4 million. The effect from the agreement on separate accounting between RHÖN-KLINIKUM AG, Universitätsklinikum Gießen und Marburg GmbH, the Federal State of Hesse and the two Universities of Giessen and Marburg had a one-off positive impact on other income of the first nine months of 2018.

Materials and consumables used

The rise in materials and consumables used by € 23.4 million or 9.2% is largely attributable to the expenses associated with the additional remuneration components for the medicamentous treatment of SMA.

Employee benefits expense

Compared with the same period last year, the employee benefits expense in the first nine months of 2018 saw a rise of € 6.1 million or 1.0% to reach € 593.1 million. The employee benefits expense of the first nine months of 2018 includes the positive effects from the separate accounting regime. During the previous year, the employee benefits expense item covered one-off expenditures from the Board of Management's reorganisation in the low single-digit million range.

Other expenses

January to September	2018 € m	2017 € m
Maintenance	36.1	35.3
Charges, subscriptions and consulting fees	18.3	18.6
Insurance	9.0	8.3
Administrative and IT costs	7.4	7.2
Rents and leaseholds	3.9	4.4
Other personnel and continuing training costs	3.7	3.2
Travelling, entertaining and representation expenses	1.4	1.5
Impairment on receivables	-	8.2
Secondary taxes	0.2	0.2
Losses on disposal of non-current assets	0.0	0.1
Other	8.1	7.0
	88.1	94.0

Compared with the same period last year, other expenditures in the first nine months of 2018 witnessed a decline of € 5.9 million or 6.3% to € 88.1 million. As a result of this, revenue reductions due to verity risks previously reported under depreciation on receivables, as of 1 January 2018 pursuant to IFRS 15, are no longer to be reported under the other expenses item but included in the realisation of revenues. In this regard, the Standard IFRS 15 results in a decline in the other expenses item in the amount of € 8.7 million.

Result of impairment on financial assets

IFRS 9, which is the subject of mandatory adoption as of 1 January 2018, prescribes the revaluation of the risk of default for financial assets. In the first nine months of 2018 this resulted in expenses of € 0.2 million.

Depreciation/amortisation and impairment

In the context of our higher level of investment in building structures and in medical equipment, depreciation/amortisation increased compared with the same period last year by € 1.2 million or 2.7% to € 45.3 million.

Finance result (net)

The decline in the negative finance result in the first nine months of financial year 2018 by € 0.2 million to € 0.6 million is attributed to declining loss shares in companies consolidated using the equity method. This was counteracted by increased financing expenditures from the syndicated line of credit (availability interest) made available for the first time over nine months entered into in October 2017, as well as impairments on a loan to Marburger Ionenstrahl-Therapie Betriebs-Gesellschaft des Universitätsklinikums Heidelberg mit beschränkter Haftung and declining finance income results given the lower volume of investment.

The initial adoption of IFRS 9 prescribes the revaluation of the risk of default for financial assets. Where this relates to financial investments, these are to be reported under the finance result. In the first nine months of 2018 income of € 0.1 million resulted from the valuation of the risk of default of fixed deposit investments.

Income taxes

January to September	2018 € m	2017 € m
Current income taxes	7.2	3.1
Deferred taxes	1.8	2.6
	9.0	5.7

At an unchanged rate of taxation, the income taxes expense item increased by € 3.3 million to € 9.0 million (previous year: € 5.7 million) as a result of the higher tax assessment basis compared with same period of the previous year.

At present, tax carry-forwards are only recognised Group-wide to the extent that they are considered probable to be claimed within 5 years.

SELECTED NOTES TO THE INTERIM CONSOLIDATED BALANCE SHEET

Goodwill and other intangible assets

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2018	163.3	39.8	203.1
Additions due to changes in consolidated companies	0.6	0.0	0.6
Additions	0.0	3.5	3.5
Disposals	0.0	0.5	0.5
Transfers	0.0	0.0	0.0
30 September 2018	163.9	42.8	206.7
Cumulative depreciation and impairment			
1 January 2018	0.0	28.6	28.6
Depreciation	0.0	2.6	2.6
Disposals	0.0	0.5	0.5
30 September 2018	0.0	30.7	30.7
Balance sheet value as at 30 September 2018	163.9	12.1	176.0

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2017	162.4	37.1	199.5
Additions due to changes in consolidated companies	0.9	0.0	0.9
Additions	0.0	1.9	1.9
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
30 September 2017	163.3	39.0	202.3
Cumulative depreciation and impairment			
1 January 2017	0.0	26.4	26.4
Depreciation	0.0	1.7	1.7
Disposals	0.0	0.0	0.0
30 September 2017	0.0	28.1	28.1
Balance sheet value as at 30 September 2017	163.3	10.9	174.2

Property, plant and equipment

	Land and buildings € m	Technical plant and equipment € m	Operating and office equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2018	958.0	50.0	301.3	114.3	1,423.6
Additions due to changes in consolidated	0.0	0.0	0.0	0.0	0.0
Additions	3.0	0.4	11.6	75.2	90.2
Disposals	0.0	0.0	6.9	0.0	6.9
Transfers	4.1	0.0	2.5	-6.6	0.0
30 September 2018	965.1	50.4	308.5	182.9	1,506.9
Cumulative depreciation and impairment					
1 January 2018	416.7	32.9	226.9	0.0	676.5
Depreciation	22.9	2.6	17.1	0.0	42.6
Disposals	0.0	0.0	6.9	0.0	6.9
30 September 2018	439.6	35.5	237.1	0.0	712.2
Balance sheet value as at 30 September 2018	525.5	14.9	71.4	182.9	794.7

	Land and buildings € m	Technical plant and equipment € m	Operating and office equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2017	955.8	46.6	292.0	50.9	1,345.3
Additions due to changes in consolidated	0.2	0.0	0.1	0.0	0.3
Additions	2.1	1.5	15.4	48.8	67.8
Disposals	12.7	0.0	9.5	0.0	22.2
Transfers	0.8	1.1	0.5	-2.4	0.0
30 September 2017	946.2	49.2	298.5	97.3	1,391.2
Cumulative depreciation and impairment					
1 January 2017	398.8	29.6	215.9	0.0	644.3
Depreciation	22.8	2.5	17.0	0.0	42.3
Disposals	12.7	0.0	9.3	0.0	22.0
30 September 2017	408.9	32.1	223.6	0.0	664.6
Balance sheet value as at 30 September 2017	537.3	17.1	74.9	97.3	726.6

Other financial assets (non-current)

Equity interests in the amount of € 5.1 million (31 December 2017: € 5.2 million) are reported under this item. These are the equity investments in the start-up companies Inovytec Medical Solutions Ltd., Telesofia Medical Ltd. and CLEW Medical Inc. The fixed deposit investments under other financial assets (non-current) expired (31 December 2017: € 30.0 million).

Other financial assets (current)

As a result of current finance requirements of extensive investment measures, freely disposable funds for the most part are invested short-term. Fixed deposit investments were made in the amount of € 74.6 million (31 December 2017: € 105.1 million) in the form of overnight deposits and short-term deposits with a remaining term of < 1 year. In addition, receivables according to the Hospital Financing Act (KHG) are reported under this item in the amount of € 41.5 million (31 December 2017: € 27.8 million). The change in the payment mode of the universities in Giessen and Marburg in connection with the reimbursements of costs for research and teaching resulted in an increase in receivables. As at the balance sheet date, the receivables in this regard amount to € 18.7 million (31 December 2017: € 0.0 million).

Equity

The increase in equity capital compared with the reporting date of 31 December 2017 by € 30.6 million results from consolidated profit (€ 47.6 million) as well as from gains from the revaluation of defined benefit pension plans (€ 0.2 million). An opposite effect came from the loan default risk of financial assets according to IFRS 9 recognised directly in equity as of the initial adoption date of 1 January 2018 (€ 1.2 million), dividend payments to the shareholders of RHÖN-KLINIKUM AG (€ 14.7 million), dividend payments to non-controlling interests in profit (€ 1.2 million), as well as losses from the adjustment of the fair values of equity investments which according to IFRS 9 are assigned to the category of fair value through other comprehensive income (FVOCI) (€ 0.1 million).

Financial liabilities

In the context of its financing strategy, RHÖN-KLINIKUM AG in October 2017 entered into a syndicated line of credit for € 100.0 million with a term of five years as a back-up facility for general company purposes. As at 30 September 2018, this line had not yet been utilised.

Additional disclosures regarding financial instruments

The Standard IFRS 9 “Financial Instruments” was published in July 2014 and replaces the Standard IAS 39 “Financial Instruments”. The Standard IFRS 9, which is the subject of mandatory adoption as of 1 January 2018, resulted in the thorough revision of the provisions on classification and measurement of financial instruments. The new Standard results in a fundamental change in the calculation of impairments, since under it no longer only incurred losses are to be recognised but also already expected losses, wherein the extent of the recognition of expected losses again requires a differentiation to be made as to whether or not the default risk of financial assets has materially deteriorated since their acquisition.

The table below presents the carrying amounts and fair values of the individual financial assets and liabilities for each individual category of financial instruments according to IFRS 9 and transfers these to the corresponding balance sheet item:

	Measurement category according to IFRS 9	30 Sept. 2018	Of which		Of which		
			Financial Instruments		Financial Instruments		
			1 Jan. 2018	Carrying amount	Fair value	1 Jan. 2018	Carrying amount
		€ m	€ m	€ m	€ m	€ m	€ m
ASSETS							
Non-current assets							
Other financial assets		5.1	5.1	5.1	35.2	35.2	35.2
of which investments	Measured at fair value directly in equity (fair value through other comprehensive income; without recycling)	5.1	5.1	5.1	5.2	5.2	5.2
of which investments	Measured at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0
of which other	Measured at amortised cost	0.0	0.0	0.0	30.0	30.0	30.0
Current assets							
Trade receivables and other financial assets	Measured at amortised cost	382.4	382.4	382.4	342.6	342.6	342.6
Cash and cash equivalents	Measured at amortised cost	72.7	72.7	72.7	122.5	122.5	122.5
EQUITY AND LIABILITIES							
Non-current liabilities							
Financial liabilities	Financial liabilities measured at amortised cost	-	-	-	-	-	-
Other financial liabilities		15.2	15.2	16.5	15.0	15.0	16.3
of which other financial liabilities	Financial liabilities measured at amortised cost	12.4	12.4	13.7	12.1	12.1	13.4
of which under finance leases	n. a.	2.8	2.8	2.8	2.9	2.9	2.9
Current liabilities							
Trade payables	Financial liabilities measured at amortised cost	94.9	94.9	94.9	108.2	108.2	108.2
Financial liabilities	Financial liabilities measured at amortised cost	-	-	-	-	-	-
Other financial liabilities		24.1	24.1	24.1	19.9	19.9	19.9
of which other financial liabilities	Financial liabilities measured at amortised cost	23.1	23.1	23.1	18.9	18.9	18.9
of which under finance leases	n. a.	1.0	1.0	1.0	1.0	1.0	1.0
Aggregated according to measurement categories, the above figures are as follows:							
	Financial assets measured at amortised cost		455.1	455.1		495.1	495.1
	Financial assets measured at fair value directly in equity (fair value through other comprehensive income; without recycling)		5.1	5.1		5.2	5.2
	Financial assets measured at fair value through profit or loss		0.0	0.0		0.0	0.0
	Financial liabilities measured at amortised cost		130.4	131.7		139.2	140.5

The principal part of financial assets is measured at RHÖN-KLINIKUM AG, pursuant to IFRS 9, at amortised cost. Trade receivables, other financial assets as well as cash and cash equivalents covered by this in general have short remaining maturities. Their carrying amounts as at the reporting date therefore correspond to their fair values.

As of the initial adoption date of IFRS 9, investments in the amount of € 5.1 million are measured at fair value directly in equity (fair value through other comprehensive income, without recycling). These investments relate to start-up equity interests whose market value was calculated based on current equity transactions between market participants in the context of additional financing rounds or applying the DCF method. Moreover, additional immaterial investments amounting to € 0.0 million are measured at fair value (fair value through profit or loss). Changes in the market valuation of investments, which are measured at fair value directly in equity (fair value through other comprehensive income, without recycling), resulted in total in losses in the amount of € 0.1 million (after tax), which are recognised directly in equity under other comprehensive income (OCI).

The rules on classification and measurement for financial liabilities have remained almost unchanged as a result of IFRS 9. Only for liabilities designated at fair value that are to be attributable to changes in their own credit risk are no longer to be recognised in the income statement but in other comprehensive income (OCI). Currently, no such liabilities exist at RHÖN-KLINIKUM AG. The fair value of non-current other financial liabilities of RHÖN-KLINIKUM AG is calculated on the basis of the discounted cash flow. A risk- and maturity-related rate appropriate for RHÖN-KLINIKUM AG has been used for discounting purposes. For trade payables, other financial obligations and financial liabilities with short remaining maturities, the carrying amounts correspond to their fair values on the reporting date. The fair value of liabilities under finance leases was calculated using a market interest curve as at the balance sheet date and corresponds to their carrying amount.

With regard to impairment of financial assets or the amended impairment model within the meaning of IFRS 9, a decline in financial assets measured at amortised cost without effect on the income statement in the amount of € 1.4 million, and in equity in the amount of € 1.2 million (after tax) takes place as of the initial adoption date. The decline in financial assets as of the initial adoption date in the amount of € 1.4 million is essentially accounted for by trade receivables (€ 0.6 million) and fixed deposit investments (€ 0.4 million). In the first nine months of financial year 2018, adjustments of the impairments on financial assets within the meaning of IFRS 9 resulted in a burdening effect on earnings (after tax) of € 0.1 million.

The fair values of financial assets and liabilities accounted for are classified as follows to the three levels of the fair value hierarchy:

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m	1 Jan. 2018 € m
Non-current assets measured at fair value directly in equity (fair value through other comprehensive income; without recycling)	-	5.1	-	5.1	5.2
Non-current assets measured at amortised cost	-	0.0	-	0.0	30.0
Current assets measured at amortised cost	-	382.4	-	382.4	342.6
Non-current liabilities from other financial liabilities measured at amortised cost	-	16.5	-	16.5	16.3
Current liabilities from trade payables measured at amortised cost	-	94.9	-	94.9	108.2
Kurzfristige Schulden aus Finanzschulden zu fortgeführten Anschaffungskosten bewertet	-	-	-	-	-
Current liabilities from other financial liabilities measured at amortised cost	-	24.1	-	24.1	19.9

The levels of the fair value hierarchy and their application to assets and liabilities are described below:

- Level 1: Listed market prices for identical assets or liabilities on active markets
- Level 2: Other information in the form of listed market prices which are directly (e.g. prices, interest rates) or indirectly (e.g. derived from prices) observable, and
- Level 3: Information on assets and liabilities not based on observable market data.

The carrying amounts, valuations and fair values according to the now replaced IAS 39 would be as follows:

Measurement category according to IAS 39	30 Sept. 2018	Of which		31 Dec. 2017	Of which	
		Financial Instruments			Financial Instruments	
		Carrying amount	Fair value		Carrying amount	Fair value
	€ m	€ m	€ m	€ m	€ m	€ m
ASSETS						
Non-current assets						
Other financial assets	5.1	5.1	5.1	35.2	35.2	35.2
of which investments	5.1	5.1	5.1	5.2	5.2	5.2
of which other	0.0	0.0	0.0	30.0	30.0	30.0
Current assets						
Trade receivables and other financial assets	383.8	383.8	383.8	344.0	344.0	344.0
Cash and cash equivalents	72.7	72.7	72.7	122.5	122.5	122.5
EQUITY AND LIABILITIES						
Non-current liabilities						
Financial liabilities	-	-	-	-	-	-
Other financial liabilities	15.2	15.2	16.5	15.0	15.0	16.3
of which other financial liabilities	12.4	12.4	13.7	12.1	12.1	13.4
of which finance leases	2.8	2.8	2.8	2.9	2.9	2.9
Current liabilities						
Trade payables	94.9	94.9	94.9	108.2	108.2	108.2
Financial liabilities	-	-	-	-	-	-
Other financial liabilities	24.1	24.1	24.1	19.9	19.9	19.9
of which other financial liabilities	23.1	23.1	23.1	18.9	18.9	18.9
of which finance leases	1.0	1.0	1.0	1.0	1.0	1.0
Aggregated according to measurement categories, the above figures are as follows:						
Loans and receivables		456.5	456.5		496.5	496.5
Available-for-sale financial assets		5.1	5.1		5.2	5.2
Financial liabilities measured at amortised cost		130.4	131.7		139.2	140.5

OTHER DISCLOSURES

Interests held in the Company

During the period of 1 January 2018 up to and including 30 September 2018, we have received the following notifications from shareholders that their voting interest exceeded or fell below the statutory reporting thresholds pursuant to section 33 et seq. of the WpHG and that they thus at least temporarily held a voting interest of over 3% in the Company either directly or by way of attribution of such voting interest to them.

Voting interest on date that interest exceeds / falls below threshold							
Person subject to notification requirement	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding/falling below threshold in the case of	Notification pursuant to section 33 at seq. WpHG Attribution pursuant to WpHG/additional information:
Asklepios Kliniken GmbH & Co. KGaA	5 Jan. 2018	0.0005	25.10	25.10	29 Dec. 2017	>25%	attributed (section 34 WpHG): Asklepios Kliniken GmbH & Co. KGaA

The voting interests may have changed since 30 September 2018. With regard to notifications on threshold events pursuant to section 33 et seq. of the WpHG that took place as of 1 October 2018, and for additional information on the attribution of the respective voting rights pursuant to section 33 et seq. of the WpHG, we refer to the publications on our website in the Investor Relations/Publications/IR News section. The notified voting interests and/or interest in the registered

share capital were determined by the notifying entities on the basis of the existing aggregate number of shares at the time of the notification of voting rights.

Based on the threshold events notified to us, the following picture pursuant to section 33 et seq. of the WpHG in terms of shareholder structure emerges as at the relevant key date of 30 September 2018:

Voting interest pursuant to section 33 et seq. WpHG on date that interest exceeds/falls below threshold							
Person subject to notification requirement	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding/falling below threshold in the case of	Notification pursuant to section 33et seq. WpHG Attribution pursuant to WpHG/additional information:
Asklepios Kliniken GmbH & Co. KGaA	5 Jan. 2018	0.0005	25.10	25.10	29 Dec. 2017	>25%	attributed (section 34 WpHG): Asklepios Kliniken GmbH & Co. KGaA
B. Braun Melsungen Aktiengesellschaft	7 Apr. 2017		25.0003	25.00	6 Apr. 2017	>25%	attributed (section 34 WpHG): B. Braun Melsungen Aktiengesellschaft
Eugen Münch	28 Nov. 2017	6.94	7.61	14.56	23 Nov. 2017	>10%	attributed (section 34WpHG): HCM SE
Ingeborg Münch	26 Oct. 2015	5.44		5.44	15 Oct. 2015	>5%	§ 33
Landeskrankenhilfe V.V.a.G	21 Oct. 2015	3.19		3.19	15 Oct. 2015	>3%	§ 33

In the reporting period of 1 January to 30 September 2018, we received no notifications on statutory reporting thresholds according to sections 38 of the WpHG:

The voting interests may have changed since 30 September 2018. With regard to notifications on threshold events that took place as of 1 October 2018, and for additional information on the underlying financial instruments, on attribution and on the holding structures of the respective voting rights, we refer to the publications on our website in the Investor Relations/Publications/IR News section.

As at 30 September 2018, the Company holds 24,000 treasury shares. This corresponds to 0.04% of the voting rights.

Corporate bodies

At its meeting on 28 March 2018, the Supervisory Board released Dr. Dr. Siebert from his function as member of the Board of Management with immediate effect. At the same time, Dr. Gunther K. Weiß, M. Sc., was appointed to the Board of Management with effect from 1 May 2018.

As members of the employee representatives, Ms. Bettina Böttcher left the Supervisory Board with effect from 31 December 2017 and Mr. Björn Borgmann with effect from 28 February 2018. As substitute members, Ms. Natascha Weihs has been the new member on the Supervisory Board for Ms. Bettina Böttcher since 1 January 2018 and Mr. Oliver Salomon for Mr. Björn Borgmann since 1 March 2018.

Moreover, the allocation of responsibilities within the Board of Management as well as within the Supervisory Board is regularly adapted to changing requirements. The Declaration on Corporate Governance, the Declaration of Compliance pursuant to section 161 of the AktG and the Corporate Governance Report jointly issued by the Board of Management and the Supervisory Board were updated and published on our website. All other elements of our corporate constitution have remained unchanged during the financial year to date. In this regard we refer to our Notes to the Consolidated Financial Statements of financial year 2017.

Related parties

RHÖN-KLINIKUM Group companies, in given instances, enter into transactions with related parties, as further described in the Notes to the Consolidated Financial Statements as at 31 December 2017. The transactions conducted with related parties primarily result from service, lease and supply relations arranged at arm's length terms. In the view of the RHÖN-KLINIKUM Group, these transactions are not of material significance.

The companies belonging to the group of related parties and the business transacted with these companies have not changed significantly in terms of the nature of the performance relationship and the amount of the pro rata temporis business volume compared with the Consolidated Financial Statements as at 31 December 2017. The same applies for the financial receivables and/or liabilities that existed with related parties. The business volume of the first nine months of financial year 2018 with the group companies of B. Braun Melsungen Aktiengesellschaft increased by € 0.7 million to € 8.1 million (previous year: € 7.4 million).

No material transactions with related parties which are unusual in terms of their nature or amount have taken place.

Total payments of Supervisory Board and the Board of Management

The contractual remuneration for the members of the Supervisory Board and of the Board of Management as well as the corresponding remuneration guidelines as compared with the key date of 31 December 2017 have remained unchanged with the exception of the Board of Management service contract newly concluded for Dr. Gunther K. Weiß, M. Sc. Detailed information with regard to contractual remunerations and the remuneration guidelines is presented in our 2017 Annual Report.

No loans were granted to members of the Supervisory Board and the Board of Management.

Members of the Board of Management as well as other employees hold an interest in the company RHÖN-Innovations GmbH founded in March 2016. The payments made for the interests are reported under the other liabilities item as cash-settled share-based payment transactions as defined by IFRS 2. No expenses as part of this remuneration were incurred during the reporting period. During the reporting period, RHÖN-KLINIKUM AG took over one employee's interest.

With regard to share-based payment transactions as defined in IFRS 2 in the form of virtual shares, we refer to the Notes to the Consolidated Financial Statements in the 2017 Annual Report, Notes 2.16.4 and 9.5.

During the reporting period, RHÖN-KLINIKUM AG received no notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014.

Additional information on the respective notifications is published on our website under the header "IR-NEWS" in the Investor Relations section.

Employees

At the reporting date of 30 September 2018 the Group employed a total of 16,829 persons (31 December 2017: 16,688 persons).

Other financial obligations

The agreement with the Federal State of Hesse in connection with the financing of the services to be rendered for research and teaching at the Group's university hospitals provides for investment commitments in the amount of € 100.0 million until the end of 2021. At the Marburg site, the modernisation of its clinic for psychiatry, the overhaul of the centralised operating theatre and IC units, as well as the new build of the clinic for paediatric and juvenile psychiatry are planned. At the Gießen site, the Paediatric Heart Centre will be expanded and an extension added on to the University Hospital. Our hospitals at the Giessen and Marburg sites continue to be committed to foregoing redundancies until the end of financial year 2021 and to take over trainees into permanent employment if they possess the right qualifications for the respective positions.

The additional other financial obligations have not changed significantly since the last reporting date.

Contingent liabilities

The aggregate volume of contingent liabilities has not changed significantly since the last reporting date.

Earnings per share

Earnings per share in accordance with IAS 33 is calculated using the share of consolidated profit attributable to the shareholders of RHÖN-KLINIKUM AG and the weighted average number of shares in issue during the year. Diluted earnings per share correspond to basic earnings per share, as there were no stock options or convertible debentures outstanding on the reporting date.

The following table sets out the development in the shares in issue:

	No. of shares on 30 Sept. 2018	No. of shares on 30 Sept. 2017
Non-par shares	66,962,470	66,962,470
Treasury non-par shares	-24,000	-24,000
Shares in issue	66,938,470	66,938,470

Earnings per share are calculated as follows:

Non-par shares	30 Sept. 2018	30 Sept. 2017
Share in consolidated profit (€ '000)	45,622	25,570
Weighted average number of shares outstanding, in thousands	66,938	66,938
Earnings per share in €	0.68	0.38

Consolidated Statement of Cash Flows

The consolidated statement of cash flows shows how the item "Cash and cash equivalents" of RHÖN-KLINIKUM Group has changed in the year under review as a result of cash inflows and outflows. The

impact of acquisitions, divestments and other changes in consolidated companies has been eliminated. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between cash flows from operating activities, investing activities as well as financing activities. The liquidity shown in the statement of changes in financial position continues to include cash on hand, cheques as well as cash with banks. For the purposes of the statement of cash flows, bank overdrafts are deducted from cash and cash equivalents. As at 30 September 2018 there were no bank overdrafts.

The change in cash used in operating activities compared with the same period of the previous year results primarily from the increase in trade receivables due to the invoicing delays relating to the introduction of a new hospital information and billing system at one hospital. Moreover, as of the second quarter of 2018 the reimbursements of the costs for our services in research and teaching at the Universities of Giessen and Marburg no longer take place monthly but quarterly in arrears in the subsequent quarter, thus increasing other financial assets. Furthermore, the provision for legal and fiscal risks from the sale of subsidiaries was partially utilised with effect in cash.

The change in the area of investing activities stemmed from the decline in terminations of fixed deposits compared with the previous year. Investments in property, plant and equipment as well as in intangible assets remain at a high level, which is primarily attributable to the new construction measures in Bad Neustadt a. d. Saale.

In the area of finance activities, payments were made for dividends to the shareholders of RHÖN-KLINIKUM AG as well as to one non-controlling interest in profit.

The cash flow statement included a total of € 18.8 million (previous year: € 10.3 million) in outstanding construction invoices as non-cash item.

The statement of cash flows sets out the change in cash and cash equivalents between two balance sheet dates. In the RHÖN-KLINIKUM Group, this item exclusively comprises cash and cash equivalents attributable to continuing operations because no operations were discontinued.

Events after the balance sheet date

Given the favourable interest rate environment, RHÖN-KLINIKUM AG at the end of October 2018 successfully issued on the market a promissory note for € 100 million to secure its investment requirement in the medium-to-long term. RHÖN-KLINIKUM AG was able to place the volume issued for the most part in long-term maturities. By combining tranches at exclusively fixed interest rates with the 5-, 7- and 10-year maturities, it was possible to ensure financing and planning certainty in the long term. Recognition on the balance sheet will take place from the fourth quarter of 2018.

Bad Neustadt a. d. Saale, 9 November 2018

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Stephan Holzinger

Dr. Gunther K. Weiß

KEY FIGURES

KEY FIGURES JANUARY TO SEPTEMBER 2018/ JANUARY TO SEPTEMBER 2017

Data in € m	Jan. - Sept. 2018	Jan. - Sept. 2017	Change in %
Revenues	928.5	902.5	2.9
Materials and consumables used	279.1	255.7	9.2
Employee benefits expense	593.1	587.0	1.0
Depreciation/amortisation and impairment	45.3	44.1	2.7
Consolidated profit according to IFRS	47.6	27.0	76.3
Profit share of shareholders of RHÖN-KLINIKUM AG	45.6	25.6	78.1
Profit share of non-controlling interests	2.0	1.4	42.9
Return on revenue (%)	5.1	3.0	70.0
EBT	56.6	32.7	73.1
EBIT	57.2	33.5	70.7
EBIT ratio (%)	6.2	3.7	67.6
EBITDA	102.5	77.6	32.1
EBITDA ratio (%)	11.0	8.6	27.9
Property, plant and equipment as well as investment property	797.2	729.3	9.3
Equity according to IFRS	1,155.9	1,115.7	3.6
Return on equity in %	5.0	3.3	50.6
Balance sheet total according to IFRS	1,482.1	1,456.2	1.8
Investment in property, plant and equipment, intangible assets as well as in investment property	94.4	70.9	33.1
Earnings per ordinary share (in €) (undiluted/diluted)	0.68	0.38	78.9
Number of employees (headcount)	16,829	16,634	1.2
Number of cases (patients treated)	644,177	631,653	2.0
Beds and places	5,370	5,358	0.2

KEY FIGURES JULY TO SEPTEMBER 2018/ JULY TO SEPTEMBER 2017

Data in € m	July - Sept. 2018	July - Sept. 2017	Change in %
Revenues	308.3	304.0	1.4
Materials and consumables used	95.3	86.6	10.0
Employee benefits expense	191.8	195.4	-1.8
Depreciation/amortisation and impairment	15.0	14.8	1.4
Consolidated profit according to IFRS	30.0	10.0	200.0
Profit share of shareholders of RHÖN-KLINIKUM AG	28.6	9.5	201.1
Profit share of non-controlling interests	1.4	0.5	180.0
Return on revenue (%)	9.7	3.3	193.9
EBT	35.7	12.4	187.9
EBIT	36.3	12.6	188.1
EBIT ratio (%)	11.8	4.1	187.8
EBITDA	51.3	27.4	87.2
EBITDA ratio (%)	16.6	9.0	84.4
Property, plant and equipment as well as investment property	797.2	729.3	9.3
Equity according to IFRS	1,155.9	1,115.7	3.6
Return on equity in %	5.2	3.6	45.6
Balance sheet total according to IFRS	1,482.1	1,456.2	1.8
Investment in property, plant and equipment, intangible assets as well as in investment property	32.7	26.9	21.6
Earnings per ordinary share (in €) (undiluted/diluted)	0.43	0.14	207.1
Number of employees (headcount)	16,829	16,634	1.2
Number of cases (patients treated)	211,860	208,703	1.5
Beds and places	5,370	5,358	0.2

KEY FIGURES JULY TO SEPTEMBER 2018/ APRIL TO JUNE 2018/JANUARY TO MARCH 2018

Data in € m	July - Sept. 2018	April - June 2018	Jan. – March 2018
Revenues	308.3	308.5	311.7
Materials and consumables used	95.3	91.0	92.8
Employee benefits expense	191.8	201.6	199.7
Depreciation/amortisation and impairment	15.0	15.2	15.1
Consolidated profit according to IFRS	30.0	7.2	10.4
Profit share of shareholders of RHÖN-KLINIKUM AG	28.6	7.0	10.0
Profit share of non-controlling interests	1.4	0.2	0.4
Return on revenue (%)	9.7	2.3	3.3
EBT	35.7	8.5	12.4
EBIT	36.3	8.4	12.5
EBIT ratio (%)	11.8	2.7	4.0
EBITDA	51.3	23.5	27.6
EBITDA ratio (%)	16.6	7.6	8.9
Property, plant and equipment as well as investment property	797.2	779.8	760.1
Equity according to IFRS	1,155.9	1,127.0	1,135.4
Return on equity in %	5.2	2.5	3.0
Balance sheet total according to IFRS	1,482.1	1,492.5	1,503.7
Investment in property, plant and equipment, intangible assets as well as in investment property	32.7	34.6	27.1
Earnings per ordinary share (in €) (undiluted/diluted)	0.43	0.10	0.15
Number of employees (headcount)	16,829	16,673	16,656
Number of cases (patients treated)	211,860	215,715	216,602
Beds and places	5,370	5,370	5,370

FINANCIAL CALENDAR

Dates for shareholders and analysts

2018

9 November 2018 Publication of Interim Report for the quarter ending 30 September 2018

2019

22 February 2019 Publication of preliminary results for financial year 2018

29 March 2019 Results Press Conference: Publication of 2018 Annual Financial Report

3 May 2019 Publication of Interim Report for the quarter ending 31 March 2019

5 June 2019 Annual General Meeting (Stadthalle, Bad Neustadt a. d. Saale)

1 August 2019 Publication of Half-Year Financial Report as at 30 June 2019

8 November 2019 Publication of Interim Report for the quarter ending 30 September 2019

<http://www.rhoen-klinikum-ag.com/interimreports>



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This Interim Report is also available in
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