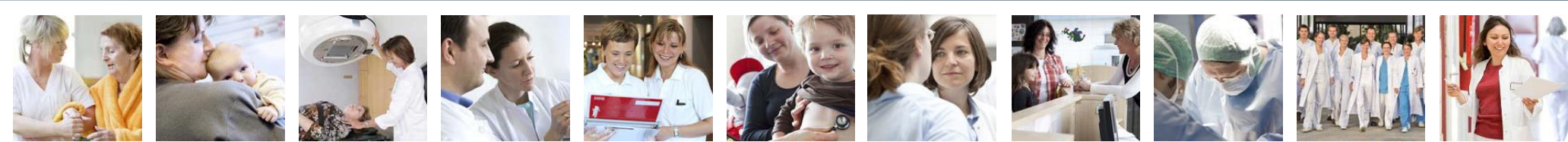


RHÖN-KLINIKUM AG

Conference Presentation



RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

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Glossary: € = Euro; \$ = (US)Dollar; (F)Y = (financial) year(s); M = month(s); % = percentage; a = actual; acc. = according; approx. = approximately; e = expected; k = thousand(s); m = million(s); N/A = not applicable



1 Transformation and strategy

2 Business development

3 Financials and guidance

4 Staffing policy

New RHÖN at a glance

Key figures

5 sites
8 clinics
7 MVZs



~ 5,300 beds



Sole private operator of
two university clinics
in Germany

€ 1.23 bn in sales (FY 2018)



~ 850k patients (FY 2018)

~ 17k employees

- ✓ 5 sites = Bad Neustadt, Frankfurt (Oder), Bad Berka, Giessen and Marburg
- ✓ 8 clinics = Bad Berka , Campus Bad Neustadt Acute Care, Campus Bad Neustadt Rehab, Psychosomatic Clinic Bad Neustadt, Haus Saaletal Bad Neustadt (detoxification center), Frankfurt (Oder), University Hospital Giessen and University Hospital Marburg
- ✓ 7 MVZs (polyclinics) = Bad Berka, Bad Neustadt, Frankfurt (Oder), Weimar, Giessen, Marburg (2x)

New RHÖN at a glance

Market position

Germany's first listed hospital operator

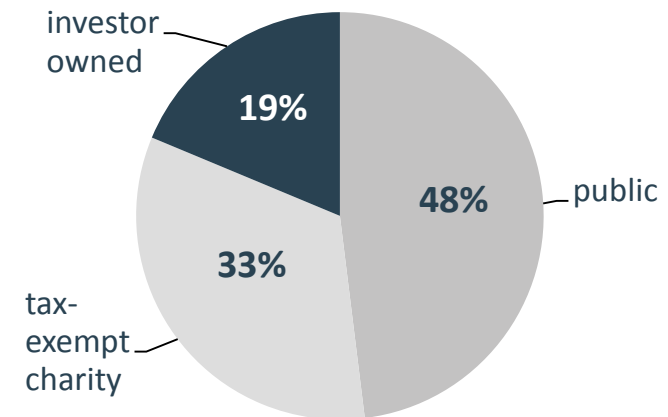
- The only publicly listed pure-play on the German acute-care hospital sector (member of SDAX/IPO 1989)
- Focus on **specialized and high-end medicine**
- ~ **1.7%** of the total German hospital market ¹⁾
- ~ **8.9%** of the German private hospital sector ¹⁾

German hospital market ²⁾

- Total hospital expenditure ~ **€91bn**
- 10Y CAGR **+4.2% p.a.**

Ownership in German hospital market

Total number of beds in the market: 497,182 ³⁾



1) Based on number of beds of RHÖN-KLINIKUM/total beds and ϕ -CMI of ~1.5 per bed

2) Based on statutory and private insured patient revenues

3) latest available total number of beds in the market as of 2017

(Source: Federal Bureau of Statistics Germany, "Grunddaten d. Krankenhäuser", September 18)

From Old RHÖN to New RHÖN

The rational behind the deal

RHÖN-KLINIKUM AG sold 43 clinics in 2014 in an asset deal...

Old RHÖN

(before Fresenius/Helios Deal)

- **53 individual clinics** throughout Germany
- **Portfolio:** Mass producer, from small county hospital to maximum care provider
- **Size:** “Huge oil tanker”
- **Strategy:** Buy financially distressed clinics, restructure them to achieve target margins, potentially sell them
- **No overall medical strategy; local focus**

**STRUCTURAL
CHANGE
PROCESS**

**HAS
ALREADY BEEN
COMPLETED**

New RHÖN

- **8 clinics** in 5 core sites
- All sites **above critical bed size** (>500 beds)
- **Portfolio:** Focus on state-of-the-art medicine; treatment of highly severe cases within core business areas
- The only private provider with **direct access to university medicine**
- **Size:** “Agile speed boat”
- **Strategy:** Campus Concept and Digitalisation
- **Vision:** “Top nodge medical care in rural areas within fully digitalised clinics”



New RHÖN at a glance

Our portfolio

“RHÖN has only system-relevant large sites with more than 500 beds and is therefore less effected by the current structural change in the German hospital market.”

Bad Berka



- Beds 647
- Patients ~ 114k*
- Employees ~ 1,900
- Academic teaching hospital of the University Clinic Jena

Bad Neustadt a. d. Saale



- Beds 1,522
- Patients ~ 94k*
- Employees ~ 3,500
- Opening of the first RHÖN Campus
- Academic teaching hospital of Philipps-University Marburg

Frankfurt (Oder)



- Beds 852
- Patients ~ 117k*
- Employees ~ 1,700
- Conversion of traditional hospital into Campus
- Academic teaching hospital of Charité Berlin

UKGM Giessen/Marburg



- 2,291 beds
- Patients ~ 525k patients*
- Employees ~ 9,800
- 3rd largest university hospital in Germany
- Sector advantage: Knowledge transfer between RHÖN sites

**More than 2/3 of revenue line from growth segments:
cardiovascular, oncology, pneumology, neurology, special orthopedics and trauma surgery**

* Including MVZs (polyclinics)

From Old RHÖN to New RHÖN

New Management Board

- **Stephan Holzinger (CEO/CFO)**
Corporate communications, IR, corporate development, accounting, tax, controlling, corporate finance, HR, legal, data protection, compliance, internal audit, digital transformation and corporate offices
- **Prof. Dr. Bernd Griewing (CMO)**
Medical board, patient safety, quality management and hygiene, medical process management, network medicine, innovations and clinical sites Bad Neustadt and Frankfurt (Oder)
- **Dr. Gunther K. Weiß (COO)**
Procurement management, construction and technology, IT and clinical sites Bad Berka, Giessen and Marburg



Company's strategic direction

Moving ahead after the transformation



Campus strategy

Unique cross-sectoral care model
1st Campus established at Bad Neustadt

THE NEW RHÖN



Expansion strategy

Domestic Campus rollout
Business opportunities abroad



Digitalisation strategy

Tiplu (Semantic Coding Assistance)
Medical Cockpit, digital patient file, et al.

“In comparison to other private operators, RHÖN has already completed the transformation process and is thus less effected by the current structural change in the German hospital sector!”

Stephan Holzinger, CEO/CFO

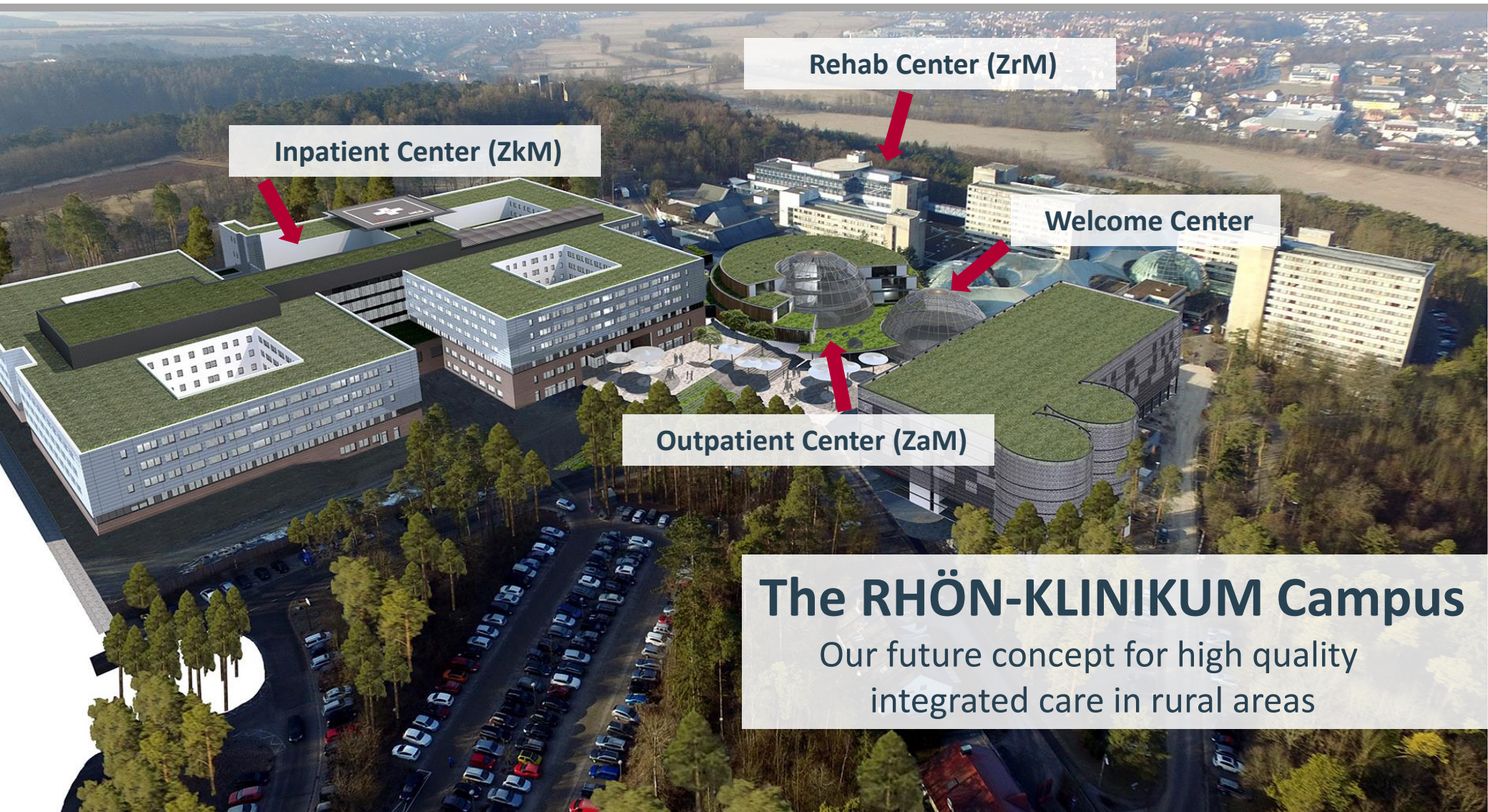


Optimisation of value chain

Telemedicine, short-term care and further measures to improve and expand the overall treatment process

Pillar 1: Campus strategy

Our solution: The healthcare Campus of the future



The RHÖN-KLINIKUM Campus

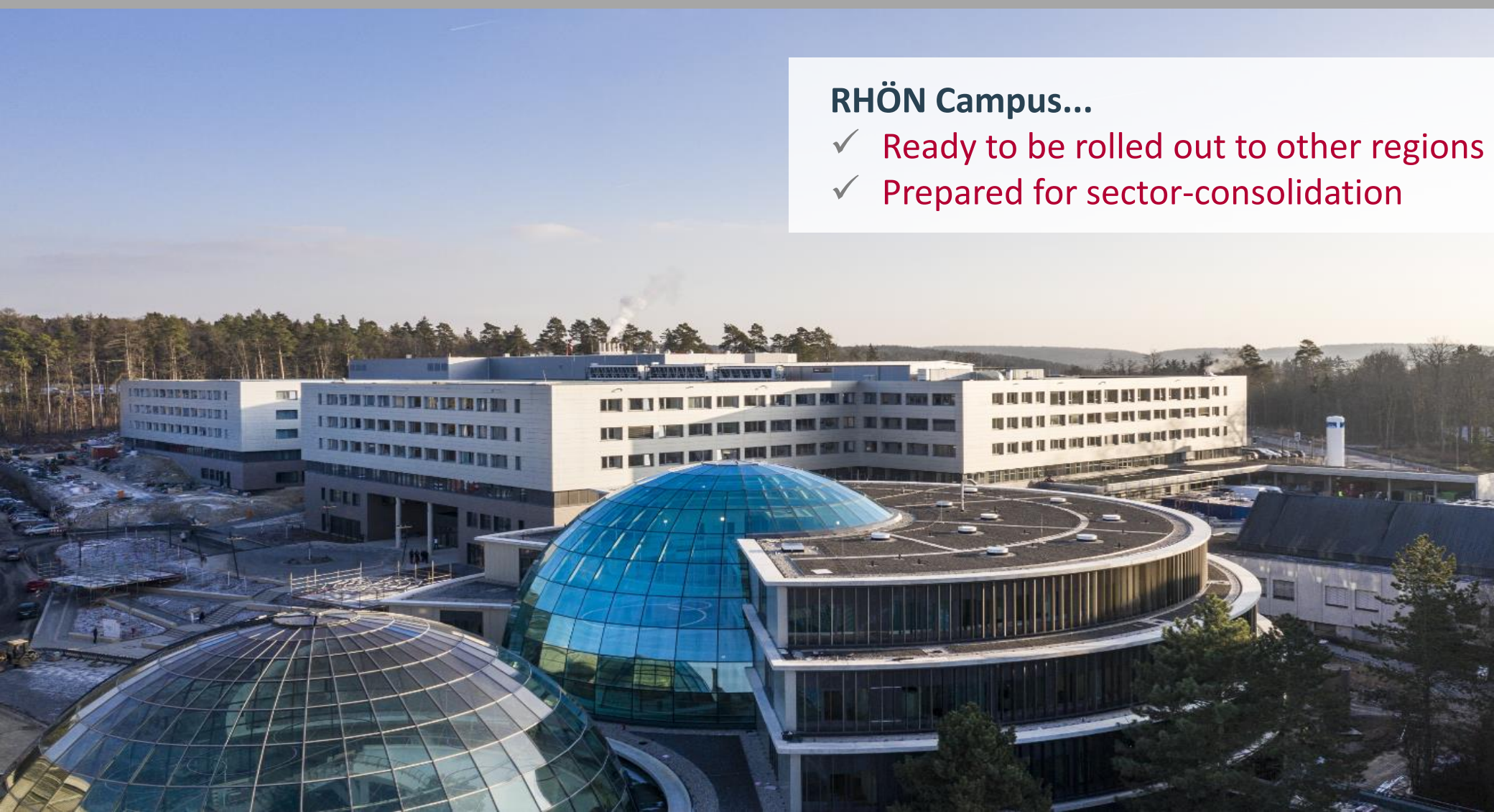
Our future concept for high quality
integrated care in rural areas

Pillar 2: Expansion strategy

Rollout of Campus Concept

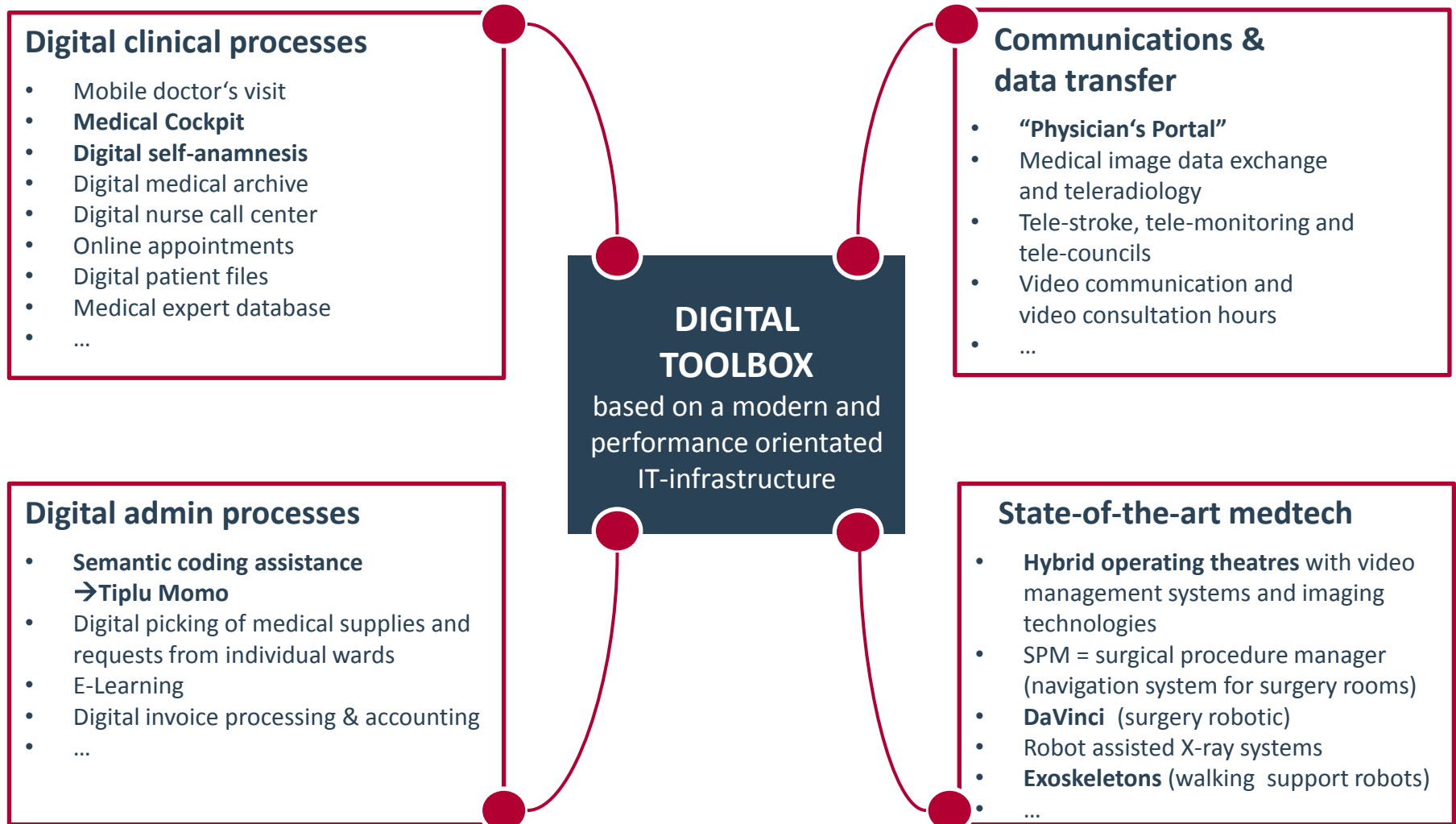
RHÖN Campus...

- ✓ Ready to be rolled out to other regions
- ✓ Prepared for sector-consolidation



Pillar 3: Digitalisation

Digital tools



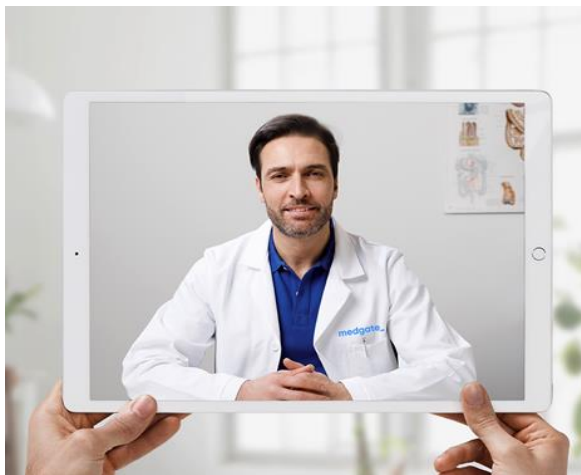
Taking into account current data protection guidelines and the DSGVO

Pillar 4: Optimisation of value chain

Additional growth opportunities for RHÖN

Telemedicine before outpatient care, inpatient care and rehab

- Telemedicine as a reasonable addition to our hospital business ahead of the existing value chain
- Cooperation with Swiss telemedicine pioneer Medgate
- RHÖN-KLINIKUM AG holds the majority of New-Co “Medgate Deutschland” with 51%, Medgate holds a 49% stake
- Medgate Deutschland will in future offer access to medical advice and treatment for both urgent and/or general medical questions via telephone, video, internet and smartphone app irrespective of time or place



Source: Medgate



Source: Medgate



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2 Business development

3 Financials and guidance

4 Staffing policy

Business development

Campus Bad Neustadt

12/2018 – Opening of the new Campus Bad Neustadt

- One of the largest individual construction projects in the company's 45-year history
- Ideal implementation of the Campus Concept for holistic health care in rural areas for the first time

12-2018/01-2019 – Successful relocation of the Bad Neustadt clinics to the new Campus

- Bundling of medical excellence on Campus
- Optimization of patient control through centralization

Digital high-end solutions

- 16 operating theatres, including 2 hybrid operating theatres
- Robot-based X-ray system with 3D imaging
- Equipment of all theatres with complex video management systems
- Two of the most powerful CT's (computer tomographs)
- State-of-the-art app-controlled exoskeleton for stroke patients
- Use of digital solutions such as Medical Cockpit and “Physician’s Portal”



Strategic realignment of Health Campus Frankfurt (Oder)

- At our Frankfurt (Oder) site a second health Campus is being built
- Center for Outpatient Medicine
 - Cooperations e.g. standby doctor's office, MVZ, therapy offices
 - 18 practices on the Campus
 - 180,000 contacts to patients a year

Geriatric traumatology offers new care concept

- Geriatric trauma center at the hospital established in January 2019

State-of-the-art computer tomography for better diagnostics

- Institute for Radiology and Interventional Neuroradiology puts one of the world's most modern computer tomographs into operation

Outlook 2019/2020 – Focus on the following medical centers

- Vascular Medicine
- Cardiac Medicine with Cardiac Surgery
- Neuro Medicine
- Geriatric Medicine
- Mental Health



120 years of clinical medicine

- With the establishment of the former lung sanatorium, the foundation stone was laid for today's top medicine provider of Bad Berka

45 years interdisciplinary cardiac center

- One of the largest and best recognised heart centers in Germany
- Interdisciplinary network of cardiac surgery, cardiology and electrophysiology with a catchment area extending far beyond the region

25 years of spinal surgery

- One of the largest spine departments in Germany
- Known beyond national borders in the context of serious accidents

20 years paraplegic center

- Supraregional leader regarding the care of paraplegic patients
- Only paraplegic center in the whole of the state Thuringia

20 years PET center and clinic for radiopharmacy

- One of the most modern clinics for radiopharmacy in Europe with operation of its own cyclotron system
- Leading in personalized radiopharmaceutical tumor therapy (Theranostics)



Cardio-lung cluster of excellence "Cardio-Pulmonary System" (ECCPS)

- Only cluster of excellence for heart and lung research in Hesse remains a stable factor
- Unique selling proposition throughout Germany

Foundation of the Intergenomics Network

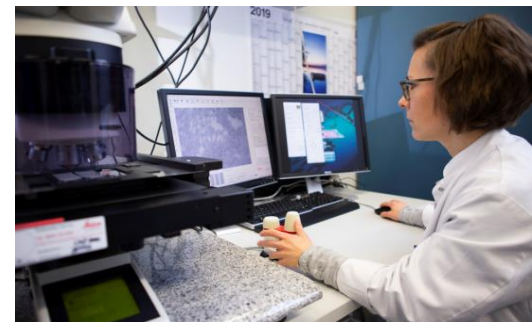
- Center for Integrated Genome Medicine for innovative diagnostics and personalized treatment of cancer in children and adults
- Revolution in oncology: liquid biopsy

Progress in Med-tech equipment

- New low-radiation children's heart catheter measuring station in the children's heart center
- SPECT-CT Hybrid System in nuclear medicine
- Robot assisted operations (DaVinci) of the latest generation

University Medical Outpatient Center

- Interdisciplinary outpatient center with its own range of outpatient services, private practices and day clinics
- Expansion of the range of services and use of the network for referrals
- Part of the holistic cross-sector Campus model of RHÖN-KLINIKUM AG



RHÖN-KLINIKUM AG secures the future of the Marburg Particle Therapy Center (MIT)

- Acquisition of the majority interest in MIT from Heidelberg University Hospital (75.1%)
- Introduction of a successful new chapter for MIT
- Positive signal for the Marburg site, UKGM, Central Hesse and our patients

Successful start of the “Physician’s Portal”

- Patients benefit from the expansion of the digital networking of the University Hospital Marburg by prompt transmission of their discharge letters to the physicians in private practices who continue treating them
- High acceptance: More than 96% of the patients invited already agreed to participate in the “Physician’s Portal” during inpatient admission

A new era in cancer immunotherapy

- Breakthrough in cancer treatment with tailored immune cells for specific hematological tumor diseases
- With the so called CAR T cell Therapy, the University Hospital Marburg is one of the few centers in Europe that can offer this high-innovative therapy



New separate accounting contract

The pact for the future

“Groundbreaking agreement on the separate accounting signed with the State of Hesse in 2017, contract in force!”

- **New separate accounting contract became effective in Q3 2018 after third party comparison on a arm’s length principle by KPMG was finished**
- **For the first time RHÖN is adequately compensated for it’s research and teaching efforts**
- **+€11.6m extra contribution on EBITDA (ongoing effect), thereof...**
 - ✓ +€7.4m recorded under other income
 - ✓ -€4.1m booked against personnel expenses
- **+€20m one-off effect, thereof...**
 - ✓ +€12.8m recorded under other income
 - ✓ -€7.2m booked against personnel expenses
- **Contract includes an annual increase by +2.5% (base year 2017)**
- **UKGM sustainably strengthened with strategically important €100m capex program (incl. €13m grant from State of Hesse)**
- **The program runs until the end of 2021 and has the potential of being established as a permanent solution beyond that**



UKGM (Giessen site)



UKGM (Marburg site)



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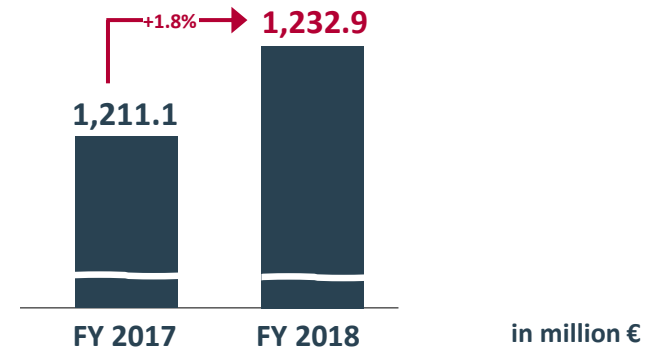
Financials

FY 2018 key figures

Volumes

- **+1.6%** more treated patients
- Total number of cases **850,147**
- Reduced number of inpatient cases (-0.4%) outperformed by increased number of ambulatory treatments (+2.3%)

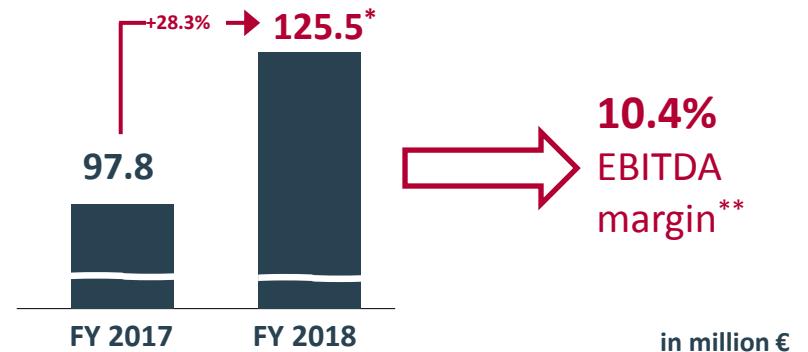
Revenues



Earnings & Cash

- EBIT (last year) **€64.9m** (€38.7m)
- Net Profit (last year) **€51.2m** (€36.7m)
- Cash **€246.7m**

EBITDA



* Includes a +€20m one-off from separate accounting

** Adjusted for effects from the settlement of additional fees for Spinraza; unadjusted EBITDA margin 10.2%

Compelling a challenging market environment

- Revenue **growth of +4.6%** with **+0.5% more treated patients** in first nine months of 2019
- **EBITDA margin at 10%**; but **EBITDA as expected down by -4.9% (yoy)** due to various contrary effects*
- **Excessive regulation** and **bureaucratization by the legislator**, **hot summer** and **Campus Bad Neustadt ramp-up effects** weigh on business
- **Operational challenges at all our locations are addressed**, but will take more time for earnings effects to materialize
- Highly specialized **acute care offers**, unique **cross-sectoral Campus model**, **sharpening of classical hospital processes**, **digitalization** and **telemedicine** as key strategic solutions to excel
- **Invest, strategy and finance committee** on behalf of the **supervisory board** of **RHÖN-KLINIKUM AG approved** the establishment of **Medgate Deutschland GmbH****

* Detailed explanation next to the P&L on page 5

** RHÖN is the majority holder of new co. with 51%;
Approval after reporting period ending 30 Sept. 2019

Extended improvement program

Further measures to improve our performance



- Ensuring optimal **bed occupancy, length of stay** and **discharge management**
- Establishment of **command and control tools** for chief physicians and hospital managers



- **Triage and control of patients flows** with additional support by **new tele medical offers**
- **Integrative and cross-sector approach** per site further developed:
Telemedicine, before outpatient medicine, before acute inpatient medicine and rehab
- **Retention and further recruitment of skilled personnel** in all medical areas



- Pursuit of **alternative reimbursement models at regional levels** based on **prevention**
- **Improvement of revenues** through the **group-wide** application of an **AI-assisted coding** software

Key P&L figures

First Nine Months of 2019

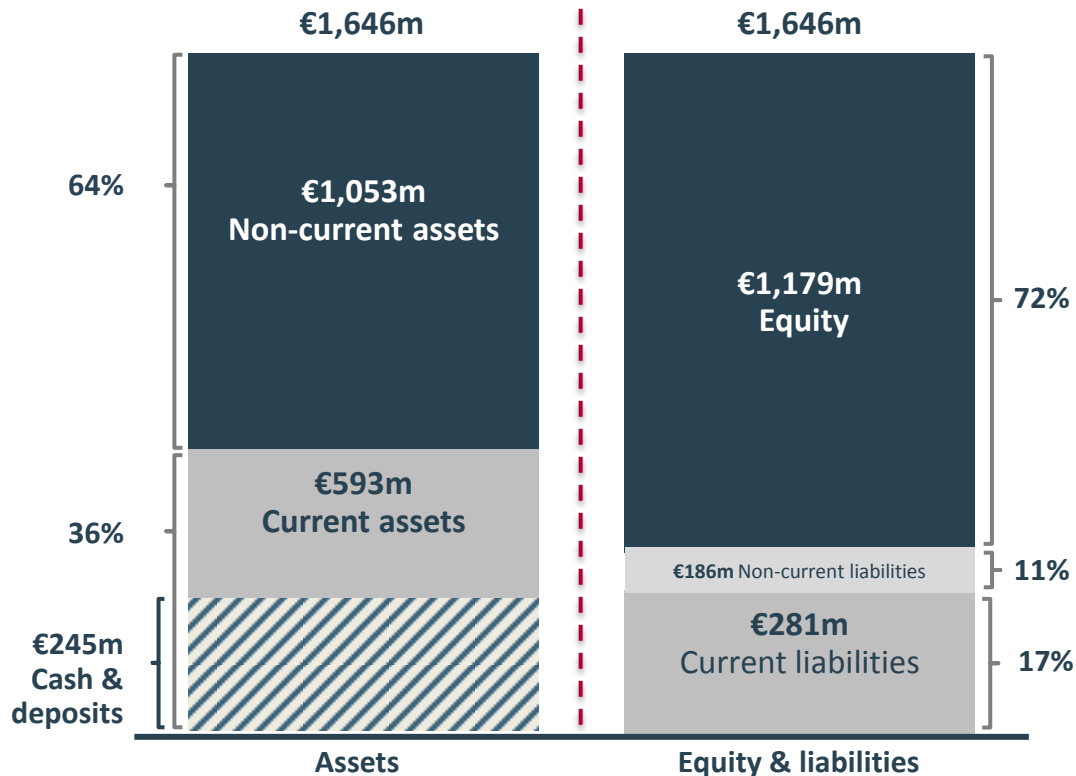
Performance* in € millions	9M 2019		vs. 9M 2018
Revenue	970.8	100.0%	4.6%
Other income	168.6	17.4%	25.4%
Material exp.	-300.1	30.9%	7.5%
Personnel exp.	-644.1	66.4%	8.6%
Other exp.	-97.5	10.1%	10.7%
EBITDA	97.5	10.0%	-4.9%
D&A	-51.7	5.3%	14.1%
EBIT	45.8	4.7%	-19.9%
Financial result	-1.8	-0.2%	>-100%
Income taxes	-6.2	0.6%	-31.1%
Consolidated profit	37.8	3.9%	-20.6%

Detailed explanation of P&L effects

- Besides price-volume-effects and regulatory interventions, revenues are impacted by a stronger case-severity-mix in acute-care areas, CAR T-Cell therapy and higher negotiated receipts for university ambulance centers
- Other income is driven by a +€30m provision release from lapsed warranties of the Helios transaction, additional income for MS treatments and compensations for the education of health students
- Increase in material expense is mainly affected by more cost-intensive services and extra costs for treatments of MS and CAR T-cell therapy
- A higher head-count, tariff agreement pay rises, share-based payments to former mgmt board members and salaries for health students which are fully reimbursed under other income are impacting personnel costs
- EBITDA percentage decrease influenced by above described P&L effects and a €20m one off from separate accounting in 2018**
- Increased D&A based on commissioning of Bad Neustadt campus and application of new leasing standard (IFRS 16)
- Newly emitted registered bond (2019) and promissory loan note (2018) result in higher interest expenses

* Fully detailed and comprehensive P&L in 9M 2019 report

Core balance sheet positions as of 30 September 2019



RHÖN shows a strong financial solvency, solid balance sheet ratios...

- High Equity ratio of **72%**
- Net Liquidity of **€+72m**
- Net Debt/EBITDA **<0**

and a well coordinated multi-stage financial strategy...

- 2017 revolving loan facility of **€100m** (not drawn by 30 September 2019)
- 2018 promissory loan notes of **€100m** (Schuldscheindarlehen: 5, 7 and 10 year tranches)
- 2019 registered bonds of **€60m** (Namenschuldverschreibung: maturity of 20 years)

Guidance confirmation

GUIDANCE 2019	Group REVENUES	€ 1.30bn +/- 5%	fully confirmed
	Group EBITDA	€ 117.5m to € 127.5m	

Regulatory environment in 2020

- DRG price inflator at 3.66% for 2020*; Fixed cost degression discount set to be at -35% (no changes to 2019)
- Minimum staffing levels in nursing care also relevant for heart surgery and neurology wards incl. stroke units
- €500m nursing allowance “Pflegezuschlag” to be abolished, €200m to be transferred to the fed. base rate (+0.30%)
- Effects of new nursing regulation expected to be in the low € double-digit million range for RHOEN in 2020

* Final DRG inflator expected to be lower due to negotiations on individual state levels



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Incentives

- 2018 Start of an exchange program for nursing students between Bad Berka and the University Hospital Marburg
- Assistance in finding accommodation and discounted offers
- Support in finding kindergartens and nursery spaces
- Parcel and grocery delivery directly to the workplace (DHL/Amazon lockers)

Differentiated patient communications

- Patient needs and tasks are digitally recorded, prioritized and transmitted in a structured way to the ward staff
- More efficient communication between nurses and patients
- Multilingual system used at UKGM; well accepted by staff and patients

Group-wide nursing integration program

- Program established in Bad Neustadt for the recruitment and integration of nurses from abroad; More than 70 nurses have been recruited in 4 years to date
- Ongoing transition of this programme to other sites

Nursing Care Summit

- First Group-wide nursing summit for interdisciplinary dialogue and adoption of packages of measures to strengthen nursing care



Federal Level

Layer **1**

Total hospital system budget

- Wage sum increase as main reference number for DRG inflation in **2020: +3.66%**
- Sector-specific cost index +2.99%
- Abolition of nursing allowance** ("Pflegezuschlag") leads to further DRG inflation of **+0.30%** in 2020

State Level

Layer **2**

Base rates and case-mix volume for each state

- Negotiations between hospital association and statutory health insurance funds
- Effective price hike depends on regional distribution

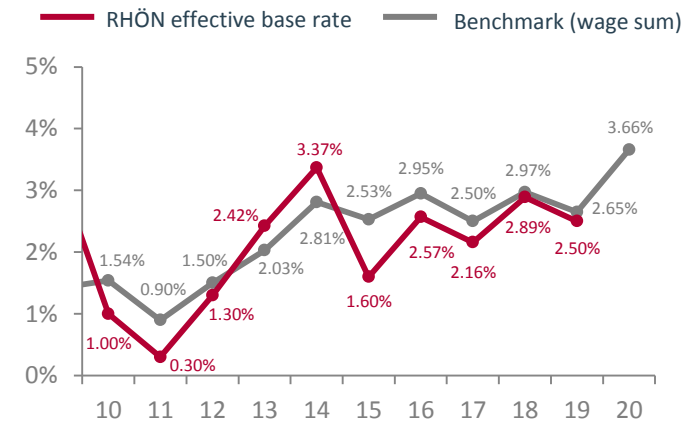
Hospital Level

Layer **3**

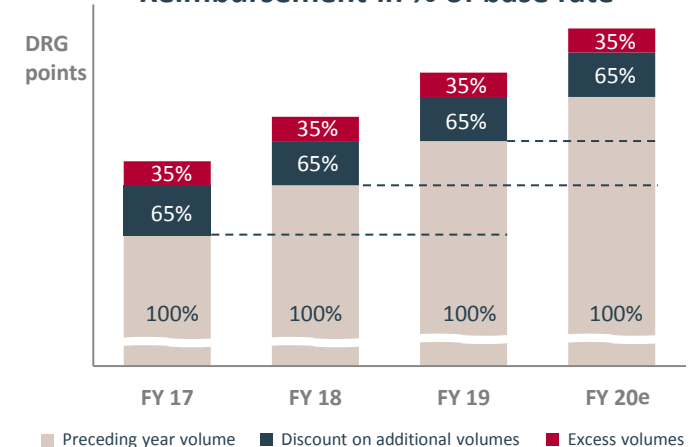
Individual hospital volumes and reimbursement

- Negotiation of volume "budgets" between hospital and health insurance funds
- Additional volumes within the budget reimbursed at 65%** for **3 years** (→ e.g. \emptyset -vol. growth assumption of +1.5% p.a. leads over 3Y to a revenue discount of approx. -1.6% for these underlying DRG cases)
- Volumes outside the budget reimbursed at only 35%**

Average base rate increase in states with RHÖN hospitals (weighted by RHÖN case mix)

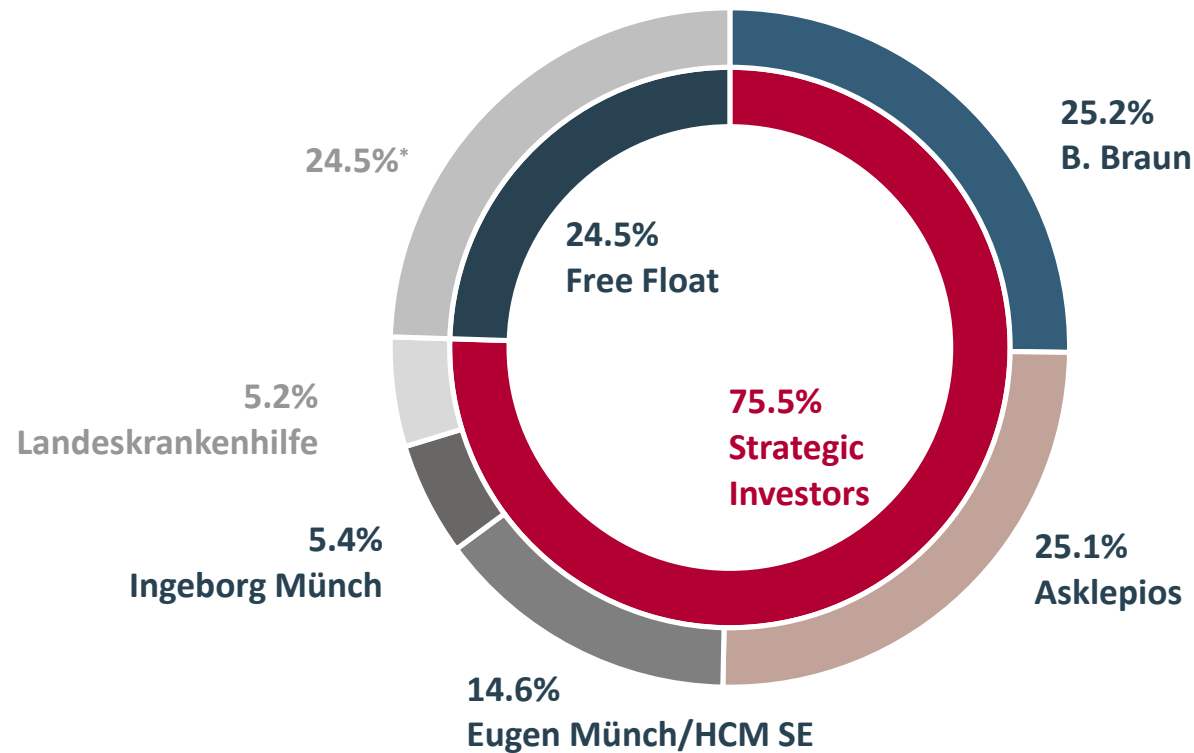


Reimbursement in % of base rate



Shareholder structure

as of 30 September 2019, according to the most recent notifications of voting rights at that time



* Shareholders with less than 3% of total voting rights

IR contact

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Financial calendar 2020

21 February 2020	Preliminary results for FY 2019 Conference call
24 March 2020	Publication of annual financial report 2019 Annual press conference
7 May 2020	Publication of Q1 financial report 2020
3 June 2020	Annual General Meeting
6 August 2020	Publication of H1 financial report 2020
6 November 2020	Publication of Q3 financial report 2020 Conference call