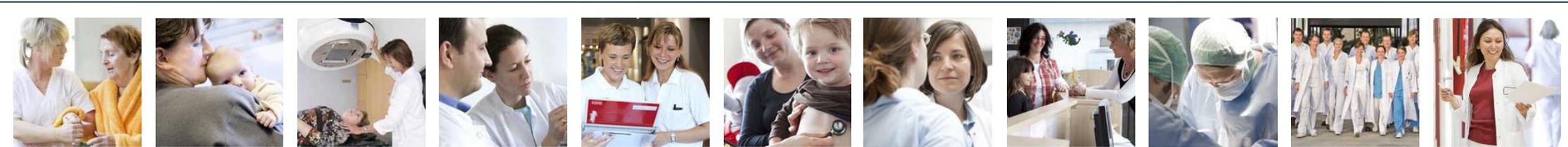


RHÖN-KLINIKUM AG

First half-year results 2015

August 6, 2015



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RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

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

Strong signal for sustainable governance structure from AGM

- All supervisory board candidates elected with broad consent including the reappointment of Eugen Münch as chairman for next 5Y period
- High acceptance of adjusted dividend policy and payout of €59m to shareholders

Return to smooth seas for operational business

- Volume development on track with +1.4% more DRG case-mix-points in first 6 months and +6.8% more inpatient and outpatient cases to 373,027
- Improvement of case severity (case mix index) as important driver for organic growth underlines positioning as high-end healthcare provider
- Together with 2015 price effect of +1.6% (Ø base rate inflation) and increase in other services, H1 2015 revenue growth is in line with full year target of +3-4%
- Promising SPA signing of privatized general hospital in Bad Neustadt at the end of last week as first inorganic growth step after the asset disposal of 2014

Key P&L figures H1 2015

Performance* in € millions	H1 2015	
Revenue	555	100.0%
Personnel expenses	-351	63.3%
Cost of materials	-158	28.4%
EBITDA	84	15.1%
D & A	-30	5.4%
EBIT	54	9.7%
Interest result	-1	0.2%
Net profit	50	9.0%

Resilient operating performance only limited by headwind from 2015 pricing

- Moderate outcome from recent tariff agreements
- Including € +23m extraordinary items from mandatory release of reserves
- Higher depreciations on Bad Neustadt assets from shortened amortization period (~ € +2m)
- Almost balanced interest result despite interest to be paid on residual outstanding debt and low interest rates on the asset side

* detailed and comprehensive P&L in H1 2015 report

UKGM H1 2015*: operating performance slightly improved in Q2 despite regulatory setbacks

- Revenue growth +2.7% yoy
- EBITDA margin 5.7%



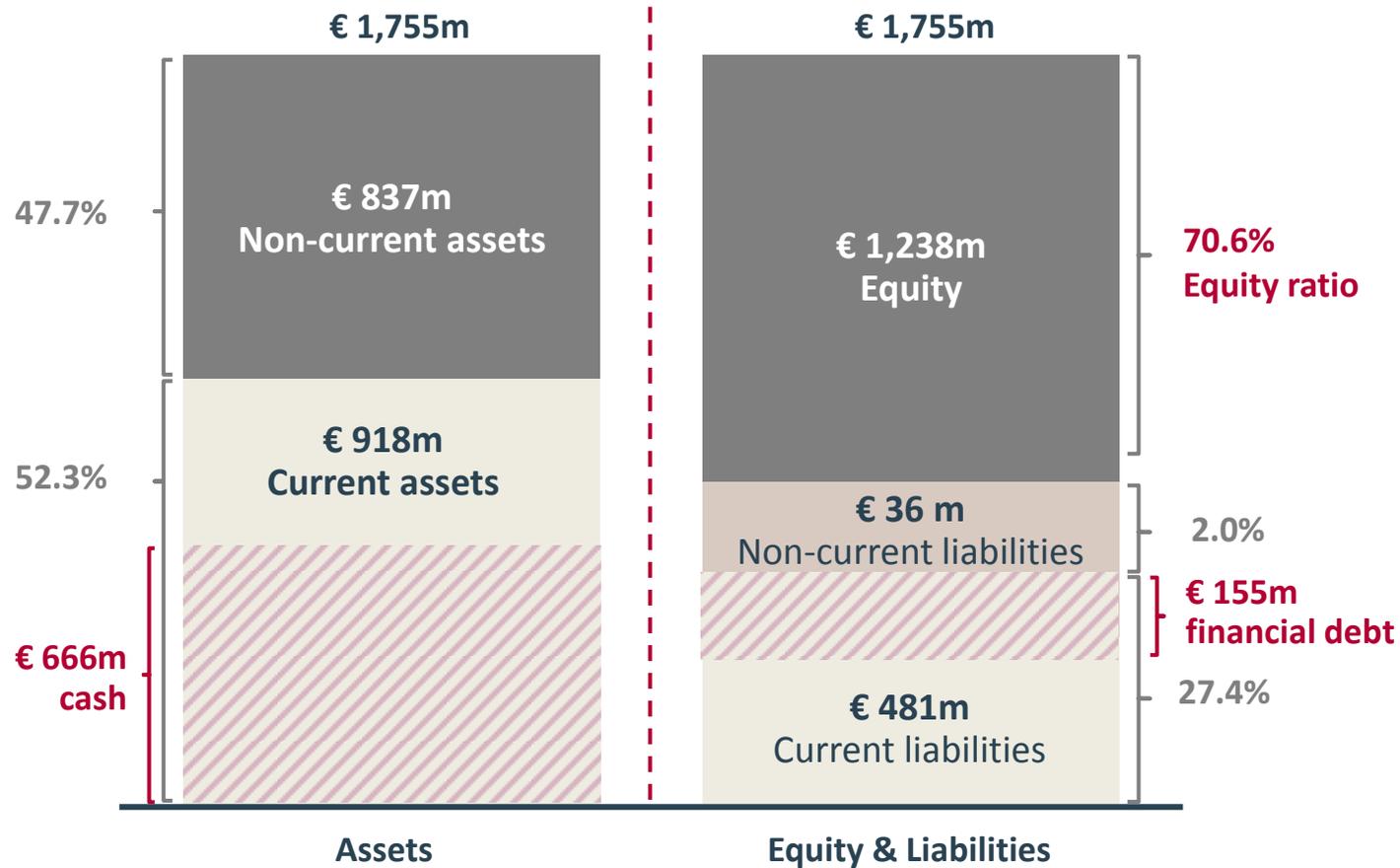
Interim findings of 2015 draft law on regulatory adjustments for hospitals (KHSg) for 2016 and beyond

- Early stage of legislative procedure with first readings in Federal Parliament and Bundesrat (upper house)
- Main innovation: quality driven reimbursement elements
- Limitation on additional volumes is still a major issue
- Extra charge for maintenance of 0.8% could be terminated in 2017
- Current draft does not include any surcharge for university hospitals for 2016



* based on local GAAP (HGB), not audited or reviewed, adjusted on annualized accounting correction between 2014 and 2015

Core balance sheet figures as of June 30, 2015



- Net cash position **€ 511m**
- Equity still dominates with **~ 70%**



Profile

- Typical general hospital with 225 beds (internal medicine, surgery, anesthesiology, dialysis, ENT, gynecology)
- 2014: Revenues € ~ 31.5m, ~ 10k inpatient and ~ 25k outpatient cases
- Consolidation as of January 1, 2016
- Target EBITDA margin after 5Y: 13-14%



Concept: full integration in new campus with substantial synergies of scale/scope

- Re-building of essential infrastructure with significantly lower costs
- Forming a strong and state-of-the-art regional network with enhanced medical offer (e.g. neuro surgery, outpatient center) in combination with existing highly renowned, specialist and profitable clinic campus
- Comprehensive shared services in all back-/middle-office functions (e.g. laboratory, radiology, catering, cleaning, administration)



Potential share repurchase in 2015

- Clear intention of management board and supervisory board for another 10% buyback of registered share capital in 2015
- Fix-price tender offer as preferred instrument in the light of the huge success of 2014 structure
- Final terms such as offer price, tender ratio, put rights etc. would be announced promptly before the launch and published via corresponding offer documents
- Start date most probable after the summer break

GUIDANCE FY 2015	▪ Group revenues	€ 1,080m to 1,120m	}	FULLY CONFIRMED
	▪ EBITDA	€ 145m to 155m		

MAIN LEVERS	▪ Organic revenue growth +3-4% (main output prices ~ +1.6%; volumes +1-2%)
	▪ Input prices: wages +2.8-3.2%; material costs +1.5-2%
	▪ Positive and negative one-time effects in low double digit million amount area
	▪ Excluding M&A activities

FY 2015

- **February 27, 2015** Preliminary results for financial year 2014
- **April 17, 2015** Press conference: publication of annual financial report 2014
- **May 7, 2015** Publication of interim report for the quarter ending March 31, 2015
- **June 10, 2015** Annual General Meeting (Jahrhunderthalle Frankfurt)
- **August 6, 2015** Publication of the half year financial report as of June 30, 2015
- **November 6, 2015** Publication of interim report for the quarter ending Sept 30, 2015

All dates could be subject to modification

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Federal Level 1

Layer

Total hospital system budget

- Reference number: **+2.53%** (wage sum increase)
- Sector-specific cost index was at **+1.44%**

State Level 2

Layer

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
- 2015 special event in Hesse with high discounts and base rate increase only at **+1.08%**

Hospital Level 3

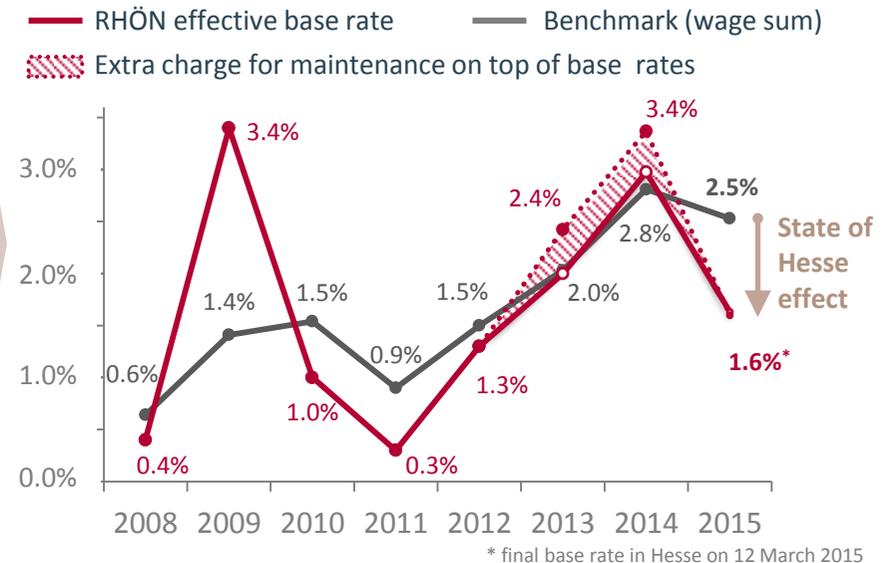
Layer

Individual hospital volume and reimbursement

- Negotiation of volume “budgets” between clinic and health insurance funds (H2 2014)
- Based on volumes of preceding year, additional volumes have to be agreed
- Volumes outside the budget reimbursed at only 35%; **additional volumes inside the budget reimbursed at 75% for three years**

Average base rate increase in states with RHÖN hospitals

(weighted by RHÖN case mix)



Reimbursement in % of base rate

