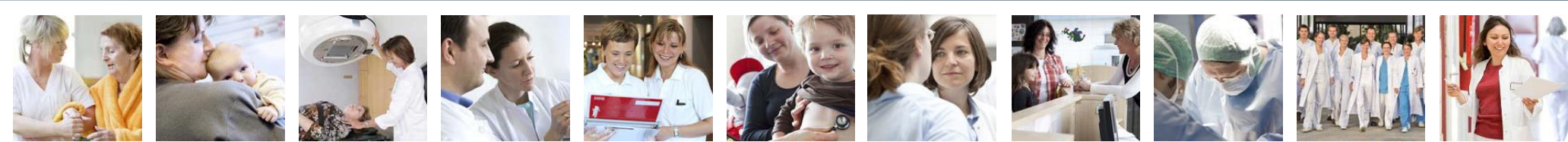


Results for the First Nine Months of 2017

10 November 2017



Stephan Holzinger, CEO

Kai Knitter



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);

- **Accretion in volumes affected by regulatory framework, shifting demand and strike days at UKGM**
 - **+2.6%** increase in inpatient and outpatient cases **to 631,653 cases** with **-1.0% DRG case mix points** in first nine months
- **Campus Bad Neustadt**
 - **Good progress** on all construction levels
 - Project **within** allocated **budget** and **fully on schedule**
 - **Ambulatory care offices** at our new outpatient centre **fully awarded** to local medical specialists
- **Digitalization strategy on track**
 - Austrian firm **Mindbreeze with new AI search engine “InSpire”** to boost our medical processes
 - Ending of cooperation with IBM Watson
- **B. Braun** placed a discretionary order to acquire **up to 4.97%** of voting rights (3,330,074 voting rights) **by 23 July 2018 inclusive**



Key P&L Figures

First Nine Months of 2017

Performance* in € millions	9M 2017		vs. 9M 2016
Revenue	902.5	100.0%	1.9%
Personnel exp.	-587.0	65.0%	3.8%
Cost of materials	-255.7	28.3%	2.4%
Other expenses	-94.0	10.5%	4.6%
EBITDA	77.6	8.6%	-41.0%
D & A	-44.1	4.9%	-0.8%
EBIT	33.5	3.7%	-61.5%
Interest result	-0.8	0.1%	229.6%
Net profit	27.0	3.0%	-67.2%

9M performance constrained by regulatory headwinds and a weakening on the volume side

- Discounts in reimbursement scheme, MDK corrections and lower volumes are burdening sales growth
- Increase based on compensation payments through realignment of corporate structures
- More restrictive and frequent assessments by MDK for high CMI/revenue cases and digitalization outlays lead to rise in other expenses
- High percentage changes triggered by a €41.4m positive one-off effect in 2016 from lapsed SPA warranties with Helios

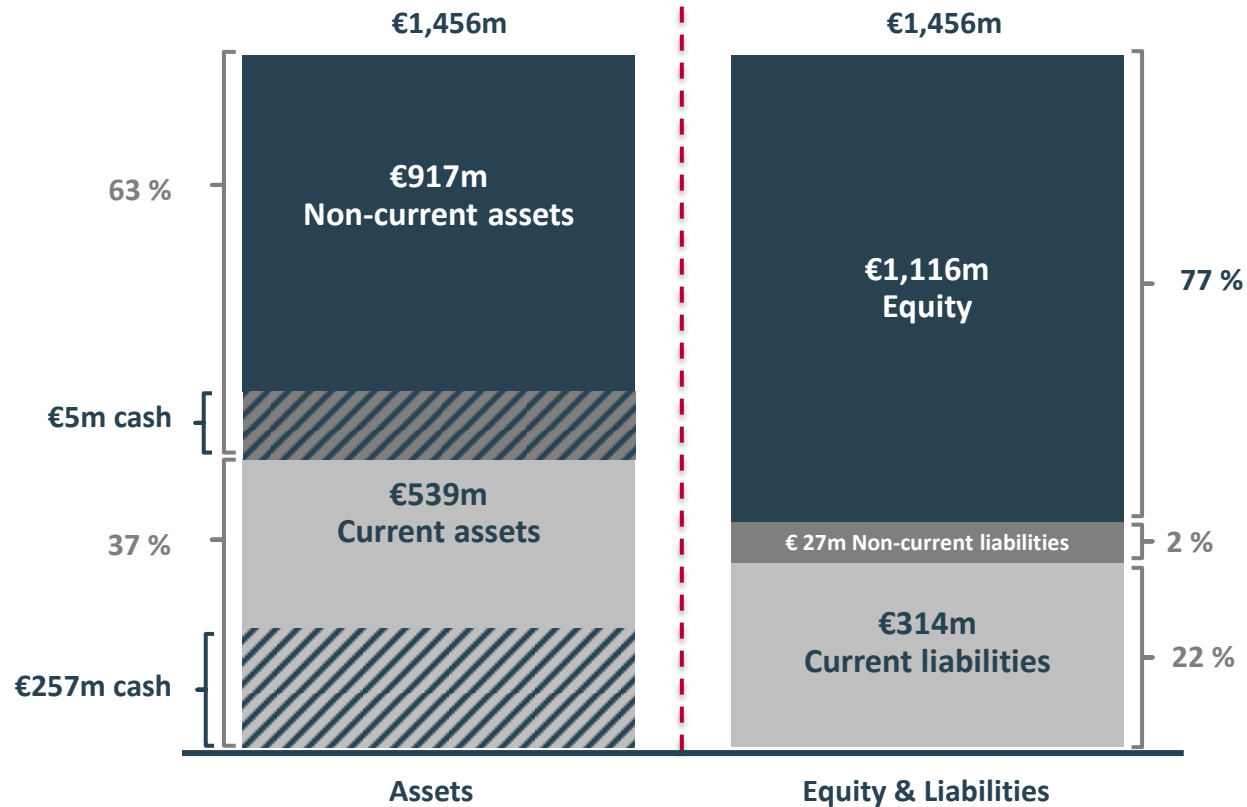
UKGM with positive development in 9M**

- Revenues **+3.7%** yoy
- EBITDA margin **6.5%**

* detailed and comprehensive P&L in 9M 2017 report

** based on local GAAP (HGB), not audited or reviewed

Core Balance Sheet Figures as of 30 September 2017



- **Strong cash position (€262m) and sustainable equity ratio (77%)**
- **Financial debt fully redeemed**
- **New €100m revolving credit facility signed**

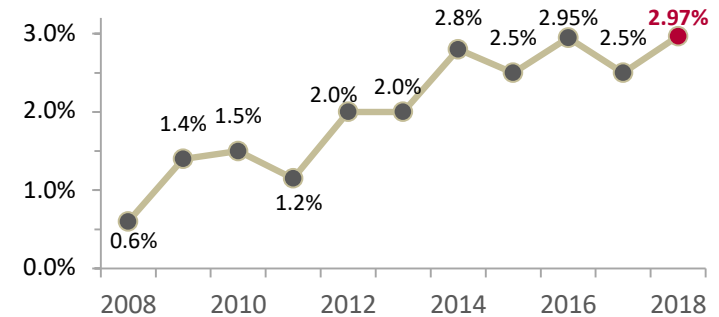
First impetus from 2018 pricing

- **+2.97%** initial **DRG inflator** for 2018 with expected **growth** rate of **+2.5%** for the RHÖN-portfolio
- Negotiations for actual state base rates in Q1 and for discounts on additional volumes in Q2-Q3

Update on regulation for 2018

- Extra compensation for care-dependent patients
- Three-year fixed cost discount also applicable in 2018 with cascade effect from previous year
- 2018 DRG catalogue with further negative price adjustments on material costs of intensive services (cardio or special orthopaedics)
- Reimbursement on qualitative criteria not part of 2018 scheme

General wage sum increase (initial DRG inflator)



Portfolio Impact

- ↑ *slightly positive*
- ↓ *slightly negative, with 2017 cascade effect*
- ↓ *slightly negative*
- ↻ *no effect*

GUIDANCE
FY 2017

- **Group revenues** **€1.20bn to €1.23bn**
- **Group EBITDA** **€85m to €105m**

FULLY
CONFIRMED

FY 2018

- **23 February 2018** Preliminary results for financial year 2017
- **29 March 2018** Press conference: publication of annual financial report 2017
- **4 May 2018** Publication of interim report for the quarter ending 31 March 2018
- **6 June 2018** Annual General Meeting
- **2 August 2018** Publication of the half-year financial report as of 30 June 2018
- **9 November 2018** Publication of interim report for the quarter ending 30 Sept 2018

All dates could be subject to modification

Appendix

Price Regulation at a Glance

Federal Level

Layer

1

Total hospital system budget

- Wage sum increase as main reference number for DRG inflation in **2017: +2.5%** (2016: +2.95%)
- For **2018** wage sum inflator will be at +2.97%
- Sector-specific cost index +2.11%

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
- 2017 base rate for RHÖN portfolio approx. **+2.2%**

Hospital Level

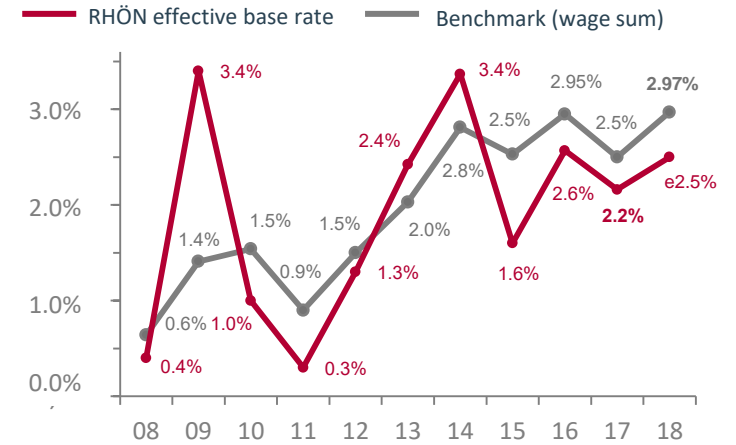
Layer

3

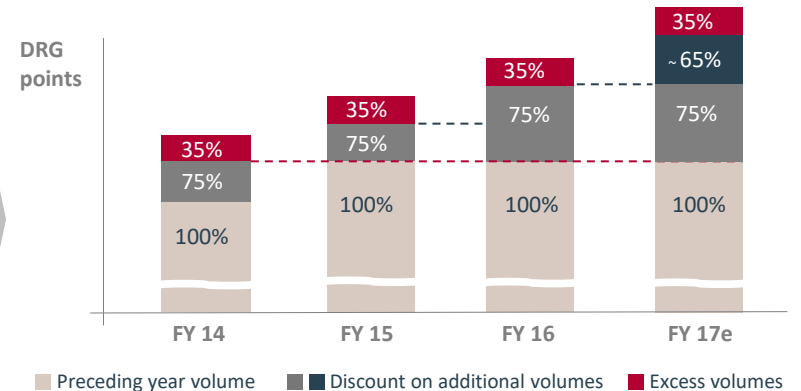
Individual hospital volumes and reimbursement

- Negotiation of volume “budgets” between clinic and health insurance funds
- Additional volumes inside the budget reimbursed at ~65 to 75% for 3 years** (→ e.g. \emptyset -vol. growth assumption of +1.5% p.a. leads over 3Y to a revenue discount of approx. -1.3% 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)

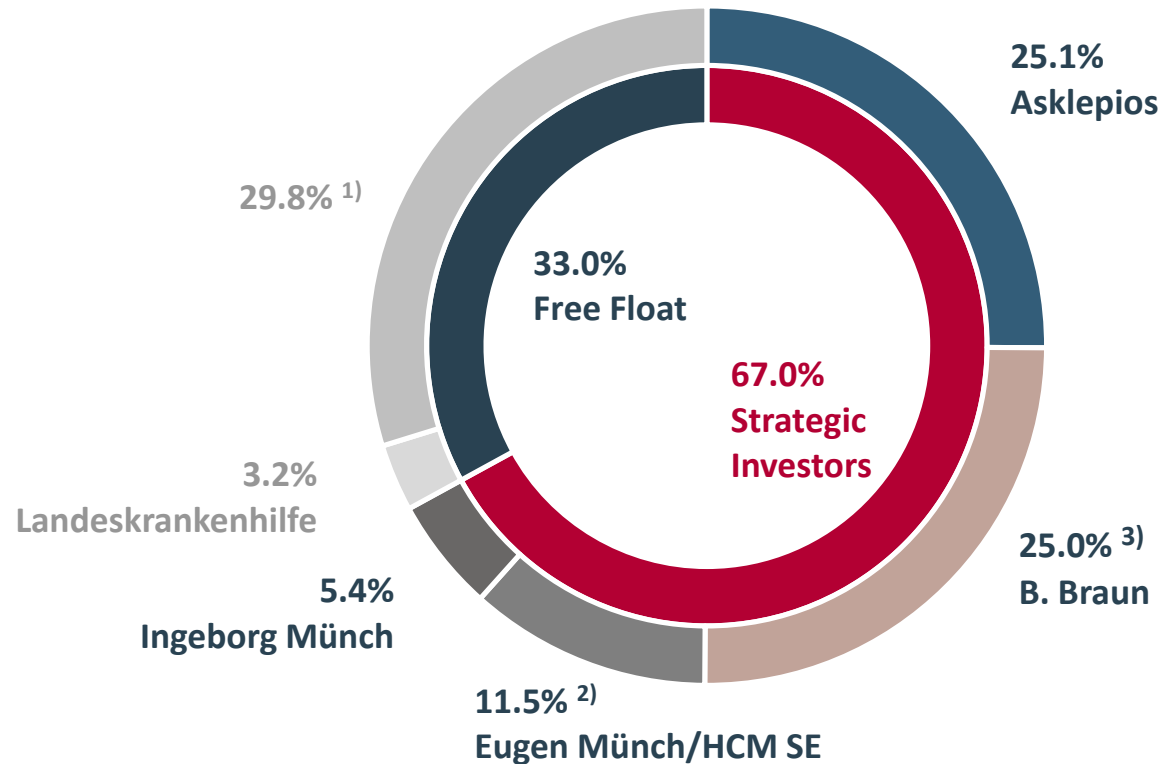


Reimbursement in % of base rate



Shareholder Structure

as of 30 September 2017, according to the most recent notifications of voting rights at that time



¹⁾ Shareholders with less than 3% of total voting rights

²⁾ According to the notification of 1 March 2017, HCM SE also has the option to acquire another 5.87% of the voting rights (3,930,000 voting rights) within the scope of a forward share purchase agreement until 23 November 2017.

³⁾ B. Braun placed a discretionary order to acquire a further up to 4.97% of voting rights (3,330,074 voting rights) by 23 July 2018 inclusive according to the Manager's Transaction notification of 24 July 2017.

Appendix

IR Contact Data

Contact

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