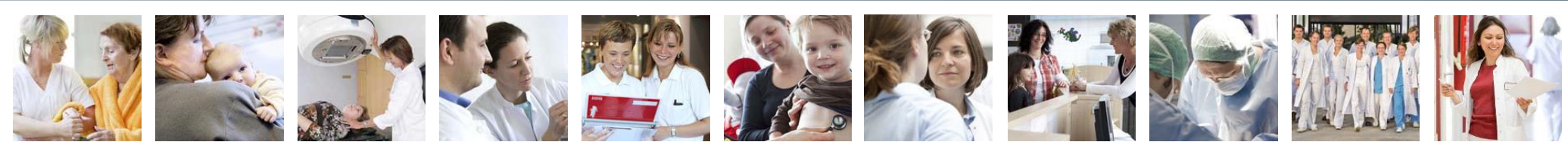


# First Quarter 2017 Results

## 5 May 2017



Stephan Holzinger, CEO

Dr. Kai G. Klinger



- This document has been prepared by RHÖN-KLINIKUM AG (“RHÖN-KLINIKUM” or “the Company”) for information purposes only, solely for use during this presentation. It must be treated confidentially by attendees at such presentation and must not be distributed, passed on or otherwise disclosed.
- This presentation contains forward-looking statements that reflect the management’s current views with respect to certain future events and financial performance. A number of factors could cause actual results to differ materially from those projected or implied in such statements. The Company, its advisers and representatives accept no obligation to update any forward-looking statements set forth herein or to adjust them to future events or developments. Further, this presentation contains market, price and performance data which have been obtained from Company and public sources. The Company believes that such information is accurate as of the date of this presentation. The information contained in this document has not been independently verified, and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. Neither the Company nor any of its respective affiliates, advisors and representatives shall have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document, or its contents, or otherwise arising in connection with this document.
- Nothing in this presentation is intended as, or constitutes an, offer or invitation to purchase or sell any RHÖN-KLINIKUM securities, and neither it nor part of it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.
- This presentation is not an offer of securities for sale or any solicitation to buy or sell RHÖN-KLINIKUM securities in the United States of America. Securities may not be offered or sold in the United States of America absent registration or an exemption from registration under the US Securities Act of 1933, as amended.
- This presentation is intended for distribution in the United Kingdom only to: (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order; (ii) persons falling within Article 49(2)(a) to (d) of the Order or to those persons to whom it can otherwise be lawfully distributed, or all such persons together being referred to as relevant persons. This presentation is directed only toward relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.
- The information in this presentation is given in confidence, and the recipients of this presentation should not base any behaviors in relation to qualifying investments or relevant products, as defined in the Financial Services Markets Act 2000, or FSMA, and the Code of Market Conduct, made pursuant to the FSMA, which would amount to market abuse for the purposes of the FSMA on the information in this presentation until after the information has been made generally available. Nor should the recipient use the information in this presentation in any way that would constitute “market abuse.”
- This document is given in conjunction with an oral presentation and should not be taken out of context.
- 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);

- **Moderate growth in volumes** at start of FY 2017...
  - **+3.2%** increase in inpatient and outpatient cases to 212,187 including **approx. +1.7%\*** more DRG case mix points
- ... and an effective kick-off for a **corporate change process**
  - Realignment of management structures
  - In-depth analysis of current set-up with focus on profitability, digitalization and growth
  - Installment of first catalogue of measures for efficiency and performance improvement
- Appointment by court of **Dr Annette Beller** as new member of the supervisory board
- **Campus Bad Neustadt**
  - Topping out ceremony in March; structural work is accomplished
  - Opening will be end-2018; start of operations in 2019
- Further shifts in **strategic** shareholder base
  - **B. Braun** crossed the **25.0%** threshold on 6 April 2017
  - **Asklepios** raised its stake to **20.2%** as of 1 March 2017
  - **Eugen Münch** increased his holding to **11.5%** by 1 March 2017



\* Adjusted by overlay cases with previous quarter; less working days due to Easter holiday in Q1/2016

Performance* in € millions	Q1 2017		vs. Q1 2016
Revenue	<b>300.1</b>	100.0%	+3.0%
Personnel exp.	<b>-197.2</b>	65.7%	+5.0%
Cost of materials	<b>-83.4</b>	27.8%	+3.5%
Other expense	<b>-31.1</b>	10.4%	+10.3%
EBITDA	<b>25.5</b>	8.5%	-62.4%
D & A	<b>-14.6</b>	4.9%	-0.7%
EBIT	<b>10.9</b>	3.6%	-79.5%
Interest result	<b>-0.4</b>	0.1%	-42.9%
Net profit	<b>8.4</b>	2.8%	-83.4%

## Restrained sales growth

- Increasing case severity as main driver
- Rising burdens from regulatory headwinds

## EBITDA development impacted by extraordinary items

- Previous year numbers include € 36.4m provision release from Helios Deal
- One-time effects from realignment of corporate structures and profitability initiatives
- Ongoing review by statutory health system again causes higher adjustments on receivables

## UKGM with slight performance set backs\*\*

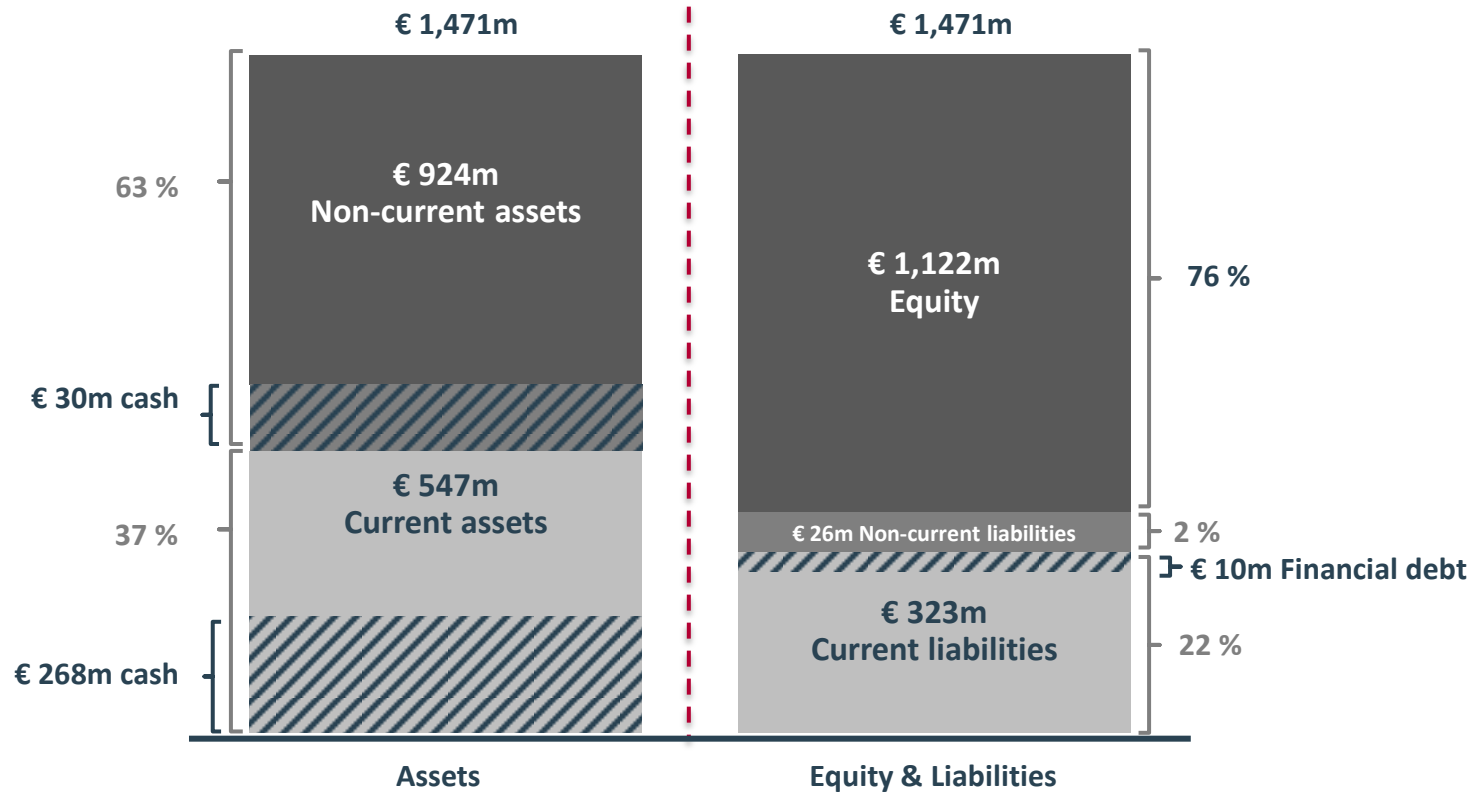
- Revenues **+3.9%** yoy
- EBITDA margin **6.1%**

\* detailed and comprehensive P&L in Q1 2017 report

\*\* based on local GAAP (HGB), not audited or reviewed, adjusted on annualized accounting correction between 2015 and 2016

# Core Balance Sheet Figures

## End of March 2017



- Net cash position **€ 288m**
- Equity ratio at **76%**

The management board and supervisory board will propose to the Annual General Meeting on 7 June 2017 the distribution of a

**dividend of € 0.35 per share**

(total dividend sum of **€23.4m** based on 66.96m shares)

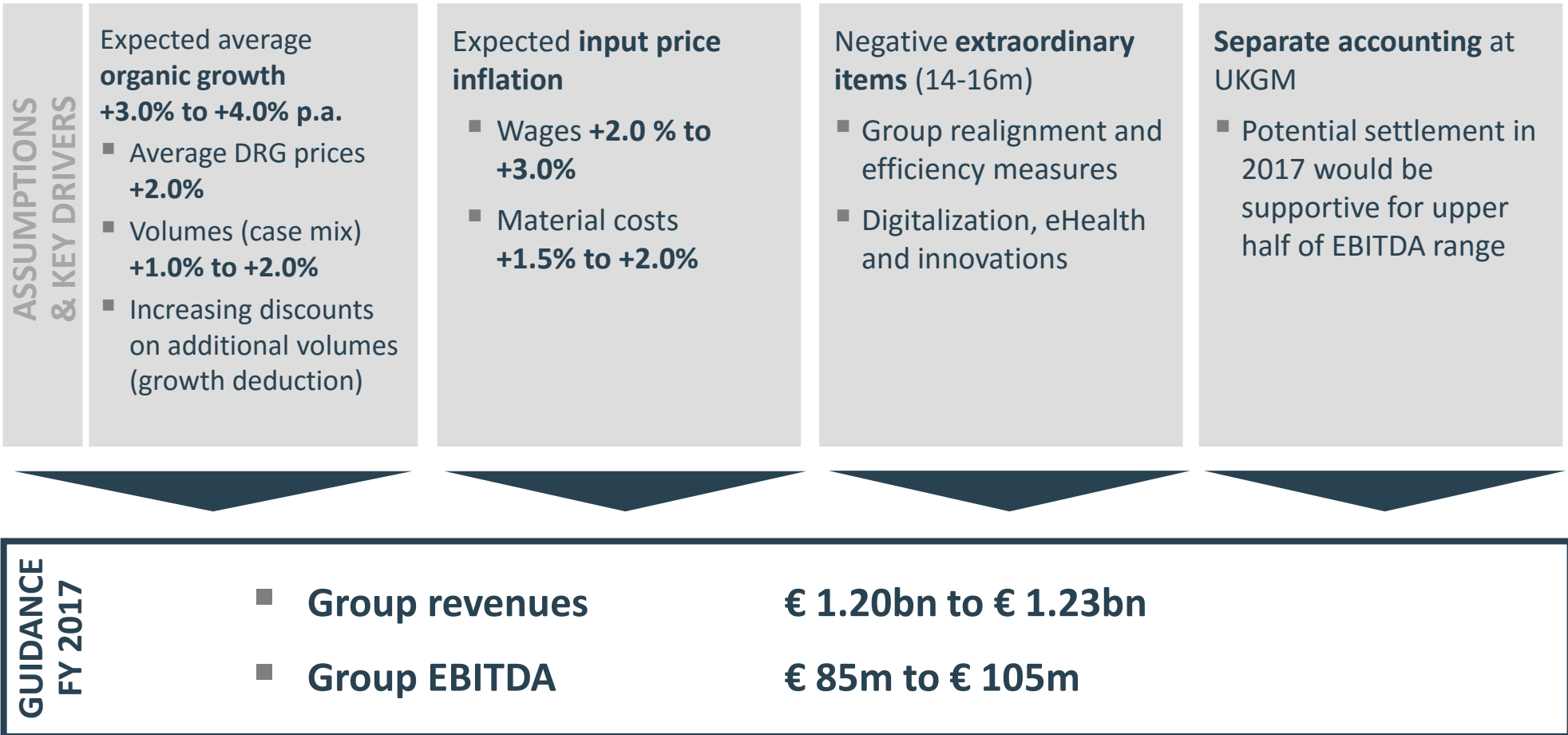
“This corresponds to a dividend **payout ratio** of approx. **40 %**.  
With this ratio RHÖN-KLINIKUM AG safeguards its medium-term ability to make investments yet also allows its shareholders to participate in the success of the company.”

### Further AGM Topics

- Nomination of **Dr Annette Beller** as regular member of the supervisory board
- Authorization **to purchase and use treasury shares** equal to the amount of **10%**

# Q1 2017 Outlook

## with General Assumptions



### FY 2017

- 24 February 2017 Preliminary results for financial year 2016
- 7 April 2017 Press conference: publication of annual financial report 2016
- 5 May 2017 Publication of interim report for the quarter ending 31 March 2017
- 7 June 2017 Annual General Meeting (Jahrhunderthalle Frankfurt)
- 3 August 2017 Publication of the half-year financial report as of 30 June 2017
- 10 November 2017 Publication of interim report for the quarter ending 30 Sept 2017

All dates could be subject to modification

#### Contact

**Dr. Kai Gregor Klinger**, SVP, Investor Relations, Corporate Finance, M&A  
Tel +49-9771-65-1318, e-mail [ir@rhoen-klinikum-ag.com](mailto:ir@rhoen-klinikum-ag.com)



### Federal Level

Layer

# 1

#### Total hospital system budget

- Wage sum increase as main reference number for DRG inflation in **2017: +2.5%**
- Sector-specific cost index +1.54%

### 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

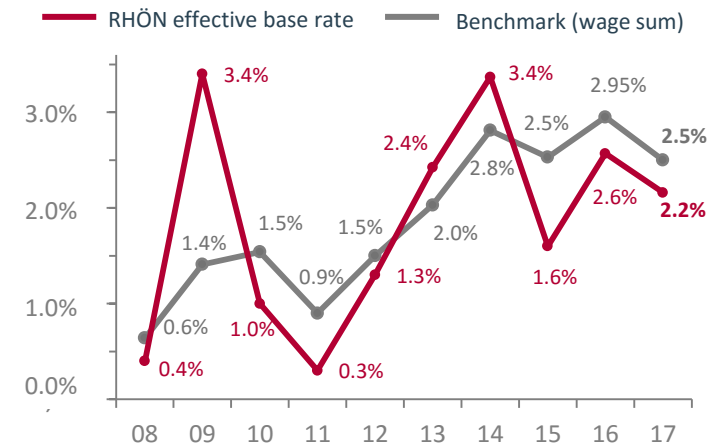
Layer

# 3

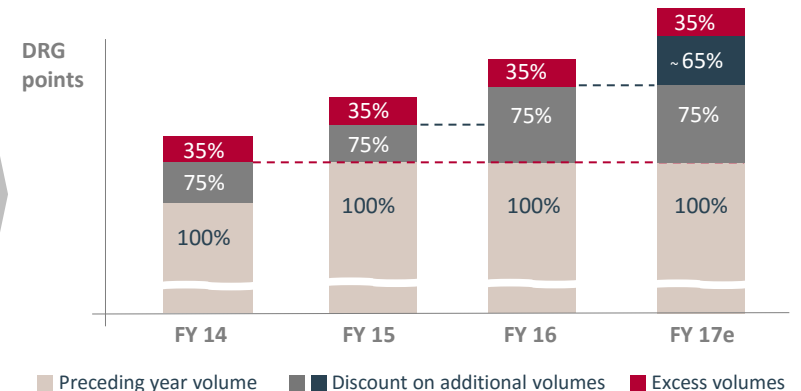
#### Individual hospital volumes and reimbursement

- 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)

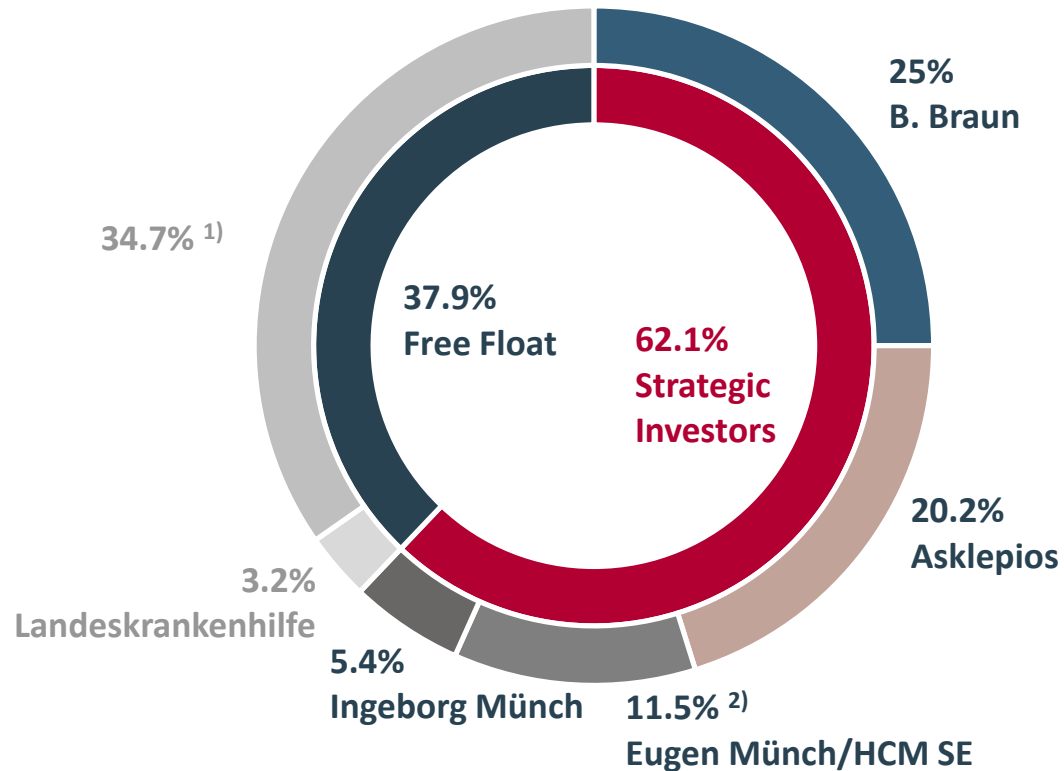


#### Reimbursement in % of base rate



### Shareholder Structure

as of 7 April 2017, according to the most recent notifications of voting rights at that time



<sup>1)</sup> Shareholders with less than 3% of total voting rights

<sup>2)</sup> According to the notifications of 25 August 2016 and 1 March 2017, HCM SE additionally has the option to acquire another 4.38% of the voting rights (2,930,000 voting rights) within the scope of a forward share purchase agreement within the next twelve months after conclusion of the transaction (23 August 2016) and to acquire 1.49% of the voting rights (1,000,000 voting rights) within the scope of a forward share purchase agreement by 23 November 2017.