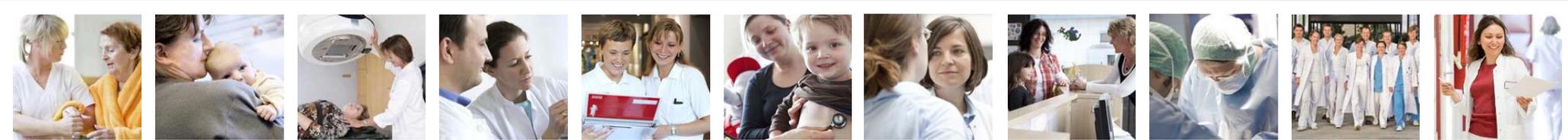


First Half-Year Results 2019

1 August 2019



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Glossary: € = Euro; (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

H1 2019 results

Summary

“New Campus Bad Neustadt: First cross-sector care model for rural areas in Germany successfully implemented at the beginning of 2019”



- **RHÖN again performed better** than the German hospital market
 - **Revenues increase** by +3.9%; **EBITDA** by +19.2%
 - **EBITDA** margin at **9.5%** (prior year 8.2%)
 - **Patient number** grows by +0.1% to 432,560
- Nevertheless a **tighter regulation**, an **increasing bureaucratic remuneration system**, the **outmigration effect** and the **shortage of skilled workers** left their mark also on RHÖN
- First months of H1 affected by **ramp-up costs of the newly opened Bad Neustadt Campus**
- Our results benefited in comparison to previous year’s H1 from the **new agreement on separate accounting** and **beneficial negotiation outcomes** for our **university outpatient centers** at UKGM
- Likewise, our **corporate improvement program** contributed to a **better earnings situation** by reducing MDK corrections and improving processes in the purchasing division incl. maintenance and repair contracts
- **Follow-up effects** from the **Helios/Fresenius transaction** also had a positive impact on the first half-year results

Key P&L figures

First half-year of 2019

Performance* in € millions	H1 2019		vs. H1 2018
Revenue	644.2	100.0%	3.9%
Other income	105.4	16.4%	39.2%
Material exp.	-195.9	30.4%	6.6%
Personnel exp.	-428.3	66.5%	6.7%
Other exp.	-64.3	10.0%	8.4%
EBITDA	60.9	9.5%	19.2%
D&A	-34.3	5.4%	13.6%
EBIT	26.6	4.1%	27.3%
Income tax	-5.4	0.8%	63.6%
Consolidated profit	20.5	3.2%	16.5%

H1 revenue growth of 3.9% in comparison to previous year impacted by additional charges from treatments of multiple sclerosis and cancer-immunotherapy (CART-Cell) as well as a new negotiation outcome for our university outpatient centers

Other income includes a positive effect of €15.3m from the reversal of a provision from lapsed legal and tax warranties; additional income from a newly applied drug for multiple sclerosis as well as cytostatics and first-time refinanced personnel costs for health students

Increase in material expense is affected by the costs for the drug treatment of multiple sclerosis and CAR T-cell, which are reimbursed at the same rate within our top-line and other income; Further effects from the use of cost-intensive services

Aside from an increase in the number of employees, tariff agreement pay rises had an impact on personnel expense. H1 2019 also includes first-time personnel costs for health students, which are fully offset

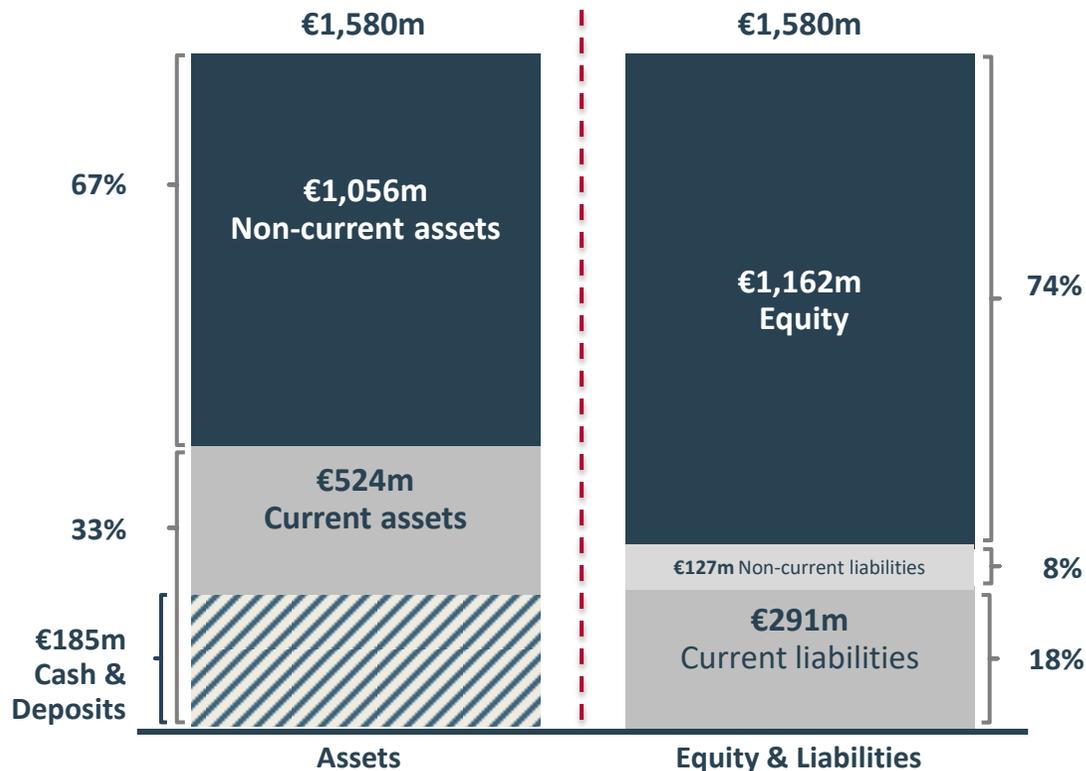
Taking these aspects into account, EBITDA rose by 19.2%. EBITDA margin was at 9.5% by the end of H1

Main reason for the D&A increase is the commissioning of the Bad Neustadt campus and effects from the application of IFRS 16 (leasing)

Consolidated net profit increased by 16.5% to €20.5m

* detailed and comprehensive P&L in H1 2019 report

Core balance sheet positions as of 30 June 2019



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

- High Equity ratio of **74%**
- Net Liquidity of **€+71m**
- Net Debt/EBITDA **<0**

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

- 2017 revolving loan facility of **€100m** (not drawn by 30 June 2019)
- 2018 promissory loan notes of **€100m** (Schuldschein; 5, 7 and 10 year tranches)

Outlook

- 2019 registered bonds of **€60m*** (Namensschuldverschreibungen; maturity of 20 years)

* Issued in July 2019 and not shown within H1 balance sheet

Corporate strategy program

An excerpt of initiated measures (I)

Staffing initiatives

- 
- We expanded our training capacities to counter HR market challenges
 - New tariff agreements include attractive and competitive remuneration packages
 - Focus curriculum “Digital Medicine, eHealth and Telemedicine” for young doctors introduced at University of Giessen
 - International Scholarship program at the Bad Neustadt campus will be successively extended to other locations

Improvement program

- 
- Visible and concrete progress in mitigating MDK corrections through semantic coding assistance via Tiplu Momo, group-wide coding guidelines, knowledge sharing and training
 - Improvement activities in the purchasing division including maintenance and servicing areas
 - In 2018 and first half of 2019 we focused intensively on the regional competitive environment and the respective medical service portfolio of our locations and derived from this a medical refocusing of our Frankfurt (Oder) and Bad Berka sites. We expect the first noticeable improvement effects from these in the course of the second half of 2019
 - In the area of digitalisation, we continue to focus on the concrete improvement of instruments and processes in all corporate divisions, i.e. in medical, nursing, medical-technical and administrative services

Medical care models

- Unique Campus Concept as the future-model for cross-sectoral medical care in rural areas already in place at our Bad Neustadt site
- Roll-out of Campus Concept to identified cluster-regions in Germany planned
- With regard to the no longer up-to-date DRG system which creates false system incentives RHÖN advocates for a transition to a capitation model which focuses on prevention and all levels of care (in- and outpatient)



Outlook 2019

Guidance confirmation

“In an unchanged difficult market environment, RHÖN succeeded in further increasing revenues, EBITDA and patient numbers despite regulatory hurdles and a shortage of specialists.

Therefore RHÖN confirms its guidance for 2019.”

– Stephan Holzinger, CEO/CFO

**GUIDANCE
2019**

Group REVENUES

€ 1.30bn +/- 5%

Group EBITDA

€ 117.5m to € 127.5m

**fully
confirmed**

- 1 August 2019 **Publication of the half-year financial report as of 30 June 2019**
- 8 November 2019 **Publication of the interim report for the quarter ending 30 Sept 2019**
Conference call

All dates could be subject to modification

Federal Level

Layer **1**

Total hospital system budget

- Wage sum increase as main reference number for DRG inflation in **2019: +2.65%**
- Sector-specific cost index +1.96%

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
- 2019 base rate for RHÖN portfolio **+2.5%**

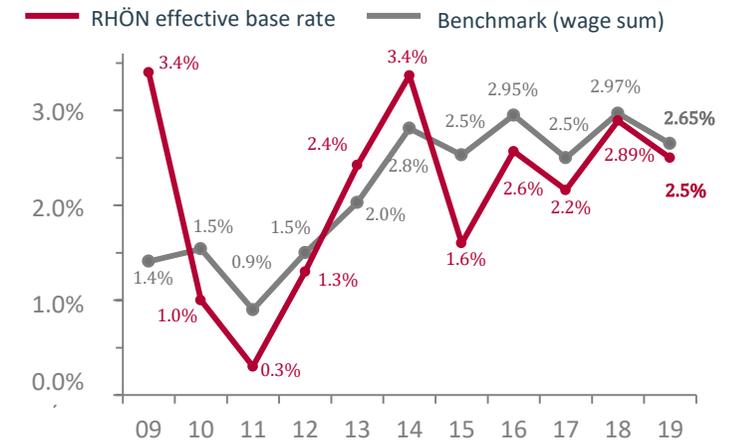
Hospital Level

Layer **3**

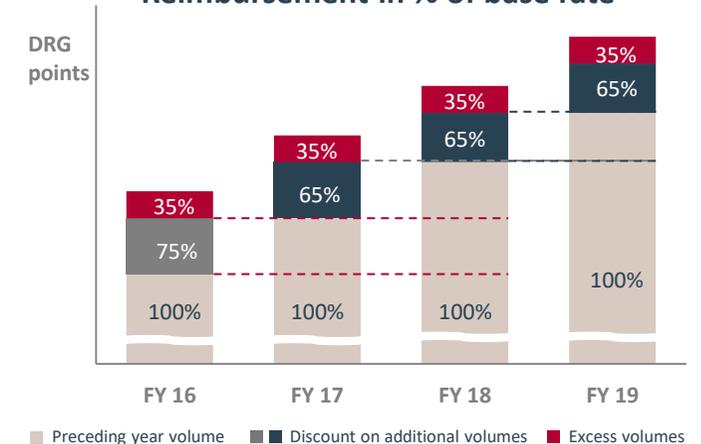
Individual hospital volumes and reimbursement

- 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)

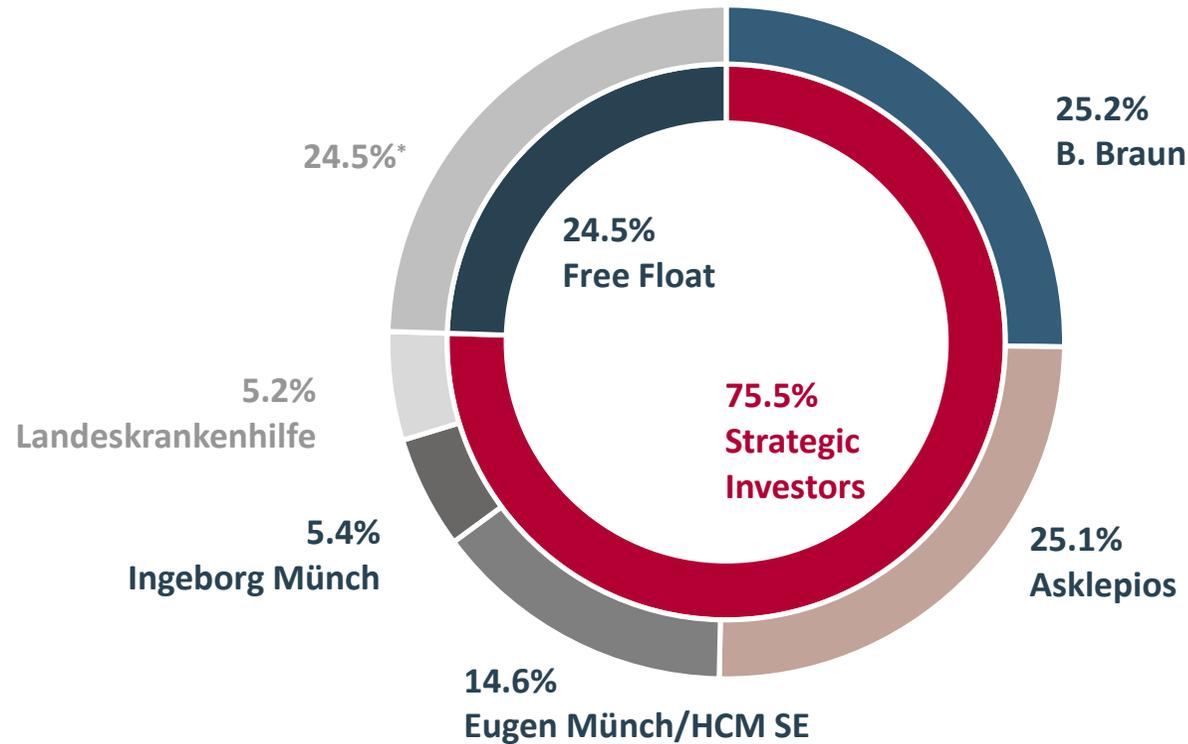


Reimbursement in % of base rate



Shareholder structure

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



* Shareholders with less than 3% of total voting rights

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