



RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

EXTRAORDINARY (VIRTUAL) GENERAL MEETING OF RHÖN-KLINIKUM AG

Speech by Stephan Holzinger

Chairman of the Board of Management

Bad Neustadt / Saale | 3rd June 2020

-Check against delivery-

Ladies and Gentlemen,
Shareholders,
Guests and Representatives of the Media,

On behalf of the Board of Management I warmly welcome you to the extraordinary general meeting of RHÖN-KLINIKUM AG. Pursuant to the law on the COVID-19 pandemic from 27th March 2020 this meeting takes place as a virtual general meeting without the physical presence of our shareholders or their proxies.

The invitation was issued solely at the request of the two shareholders B. Braun Melsungen AG and Asklepios Kliniken GmbH & Co KGaA who called for this meeting to be convened independently of each other in connection with the voluntary public takeover offer which was declared by Asklepios on 8th April 2020.

This takeover offer was received by our Company at a time when the focus of the joint activities by the Board of Management and the workforce was already primarily placed on managing the COVID-19 pandemic – a huge medical task but also a considerable economic challenge.

We took decisive action early in the COVID-19 pandemic in order to be able to offer the best possible treatment to a rapidly increasing number of COVID-19 patients and have thus proved to be a very reliable partner for districts, federal states, the German central government and the rescue services. Federal Minister of Health Jens Spahn declared his personal appreciation in April during a visit to our university hospital in Giessen when he stated that the work which was being carried out there was both extremely professional and at the same time worthy of best practice.

That the medical care of all our patients has been successful so far in this exceptional situation is also thanks to our very dedicated workforce who, along with an enormous sense of responsibility, have also shown team spirit, devotion and a huge amount of compassion for all our patients and their relatives. On behalf of the Board of Management I therefore wish to express my heartfelt gratitude to all our employees.

Let us now turn to the takeover offer which was announced by Asklepios on 28th February 2020 and which was published on 8th April. The Board of Management was not involved in this matter beforehand. We issued the reasoned statement for this takeover offer as prescribed by § 27, Subsection 1, German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz – WpÜG), in due time on 22nd April 2020.

In its statement the Board of Management believed the consideration of Euro 18 per RHÖN-KLINIKUM AG share to be adequate from a financial perspective. A so-called Fairness Opinion by a renowned independent investment bank preceded our appraisal and the Board of Management followed the Fairness Opinion after thoroughly reviewing and critically evaluating the situation. Among other things, analyses of the operative and financial development of RHÖN-KLINIKUM AG were also incorporated in the evaluation as well as comparable values from similar transactions. Irrespective of the Board of Management, the Supervisory Board issued a separate statement on the takeover offer after having consulted a second independent investment bank and also deemed the offer to be financially adequate. You can find the respective reasoned statements on our website under the “Investor Relations” pull-down menu.

Requests from our shareholders B. Braun and Asklepios to convene an extraordinary general meeting were made parallel to the statutory statements by the Board of Management and the Supervisory

Board. After a thorough review, the Board of Management decided on 27th April 2020 to allow in full the request by Asklepios and in part the request by B. Braun to convene a meeting as far as it considers it to conform with the articles of association and the law.

Further correspondence from our shareholder B. Braun for an addition of more items to the agenda of this extraordinary general meeting was received afterwards and we published corresponding ad hoc announcements and press releases in this regard.

Our shareholder B. Braun invoked the Amtsgericht (local court) in Schweinfurt which is the court that deals with matters related to our Company with respect to authorising the convening of this extraordinary general meeting, authorising the addition of the agenda of the extraordinary general meeting with items of the ordinary general meeting and that the court should determine a chairman of the general meeting. The Amtsgericht completely confirmed the partial rejection of B. Braun's requests by the Board of Management – such as, in particular, the requested agenda item for a resolution on an advance payment of the foreseeable net distributable profit, for example. Our shareholder B. Braun then filed an objection to the decisions by the Amtsgericht in Schweinfurt with the Oberlandesgericht (OLG – Higher Regional Court) in Bamberg who also completely rejected said objection with its decision yesterday. Finally, the Amtsgericht in Schweinfurt also rejected yesterday the application by B. Braun to authorise an addition to the agenda for the appointment of a special auditor.

The Board of Management sees its appraisals of the situation and its decisions fully confirmed by the decisions of both courts.

The Board of Management made all its decisions regarding the applications by our two large shareholders Asklepios and B. Braun after a thorough review and intensive consultation with the law firms advising us and in accordance with the applicable provisions of the German Stock Corporation Act (Aktengesetz) and the German Securities Takeover Act. But it was solely the best corporate interests which were at the core of its deliberations regarding the substance of the matter.

I wish to stress explicitly at this point that corporate interests are not the same as the interests of individual shareholders. Corporate interests include the interests of all shareholders and, particularly in times when specialist employees are in short supply, also the interests of the more than 18,000 employees which are particularly very close to my heart. And of course, the interests of the many hundreds of thousands of patients who we care for are also included here.

My dear shareholders, RHÖN-KLINIKUM AG is currently facing manifold challenges: in the current financial year we have already had to absorb huge economic burdens from hospital regulation which alone will saddle us with a two-digit million figure in our financial results. It will not be a surprise to anyone that we furthermore have to shoulder a high level of additional expenses due to the COVID-19 pandemic since RHÖN-KLINIKUM AG is very much more economically affected by the COVID-19 pandemic compared with many competitors. At our five sites we only have hospitals providing maximum and intermediate medical care. At our university hospitals in Giessen and Marburg and our other hospitals we therefore look after more complicated cases with consequently higher remuneration than many other hospital providers even in normal times. What made it possible for many beds to be kept free on regulatory instruction for the treatment of COVID-19 patients was precisely because we cancelled planned operations where it was medically justifiable.

And although we receive compensation payments from the German state pursuant to the COVID-19 law, just like other hospital providers, so that the incurred vacancies in our hospitals, among other things, can be compensated, the measures by the German central government have not hitherto taken the degree of medical care by the respective hospitals or regional differences into consideration. The compensation payment allowed by the legislation for running costs in the amount of Euro 560 per day and bed for keeping beds free is not sufficient, particularly for hospitals providing intermediate and maximum medical care as we do. Moreover, the investments which had to be made for additional intensive-care beds add up to a sum of Euro 80,000 to Euro 90,000. The Euro 50,000 foreseen in the aid package from the German government is consequently also insufficient here. We therefore welcome the recent political statements from Berlin. The compensation payments for keeping beds free are now to be adjusted on the basis of analyses by a board of expert advisors so that the position of hospitals providing maximum medical care with their higher costs is improved. And we hope that the political statements will soon be followed by action.

Against such a background the Board of Management is of the opinion that the originally presented request by our large shareholder B. Braun for a special dividend in the amount of up to Euro 134 million was inappropriate and therefore to be rejected. Our legal advisors believe that the requests by B. Braun for a special dividend and advance payment were furthermore also legally inadmissible.

It is now also particularly important in this difficult and competitive market environment that RHÖN-KLINIKUM AG maintains its ability to act. However, as the Board of Management, we see this undermined by the request from our large shareholder B. Braun for a change in the articles of association to raise the basic majority requirement from currently 50 percent to 75 percent. Besides, this would not be a typical rule either.

But now let us return to what we deal with every day: the best possible healthcare. We have a duty to care for all patients which was why we pointed out to the responsible authorities and politicians early on that it is also important to continue to carry out elective treatment as long as we keep sufficient capacity free for COVID-19 patients – or are able to make such capacity available if necessary – as we noticed with anxiety that patients with heart attacks, strokes and other serious illnesses often came to us too late because they avoided going to the doctor beforehand since they were afraid of catching the disease at the doctor's surgery. The risk that more patients in fact die in the end because of the pandemic and not due to the COVID-19 virus itself is unfortunately one which now seems to be confirmed by initial studies. A gradual return to normal conditions is thus necessary now without delay. We therefore welcome corresponding signals from politicians and are also currently driving this process forward in our own Company as rapidly as possible.

Ladies and Gentlemen, against the background of our various medical responsibilities and also economic duties it becomes clear how disruptive a public dispute between shareholders can be as we have seen in the past few years on a number of occasions and now with increased intensity since the end of February. It takes up a considerable amount of time and ties up organisational capacity in the Board of Management.

I wish to remind you also in this context of the fact that almost two thirds of our Company were already sold to Fresenius/Helios in 2013/2014. Despite a certain delay after this fundamental reorientation in our company and its somewhat noticeable effects on our business culture the second-generation Board of Management has above all provided new impetus – be it through

various initiatives in the area of digitalisation, the Campus in Bad Neustadt, the entry into the telemedicine market and interest in young and highly promising companies.

These newly trodden paths have required and still continue to require considerable dedication but also strength in order to be able to stand our ground in the face of fierce competition and against increasingly powerful regulation of the market. Lasting groundwork and prudent developments for our Company cannot always be repeated ad infinitum with this already historically difficult baseline. The current situation is not only a burden on our business culture, but it also makes it more difficult to create a common identity and severely tests the strong solidarity of our employees towards our Company. We all wish to continue our bold moves forward and not always suffer setbacks again and again!

There are indeed enough tasks and challenges in our Company, including the overdue improvement in the organisation of numerous medical processes, such as increased efficiency in the management of beds, medical operations and the process of discharging patients or optimising administrative processes as well as the groundwork and expansion work, such as in the area of telemedicine and transferring new patient-centred healthcare like the campus to other sites in Germany, just to mention a few examples.

On behalf of the Board of Management I now therefore make a strong appeal to all our shareholders here to find a way to unite their interests and to solve the situation as best as possible – for the sake of RHÖN-KLINIKUM AG, for the sake of our employees and not least for the sake of our patients.

My dear shareholders, 2020 will not be an easy year for RHÖN-KLINIKUM AG. The COVID-19 pandemic will probably remain the predominant topic for the healthcare sector – yes, for our Company too - for quite a while still. Although RHÖN-KLINIKUM AG generally has very strong economic foundations and is above all also well-financed and has liquid funds available, we shall now also feel the effects of the COVID-19 pandemic on our financial result for 2020 as well as special financial burdens from the takeover offer along with the already considerable effects of hospital regulation.

Every day the board members who are responsible for the operative business observe the effects of the COVID-19 pandemic on corporate earnings and liquidity although it is not yet possible to quantify the effects with sufficient certainty. Against this background our guidance in our quarterly report for the first three months of financial year 2020 published on 7th May 2020 was already explicitly subject to any effects resulting from the COVID-19 pandemic. As soon as there is sufficient basis for making decisions allowing us to evaluate the effects of the pandemic on our business activities, we shall examine whether the previous dividend proposal can be maintained in the eyes of the Board of Management.

Ladies and Gentlemen, we have no influence on a pandemic. We do not have any direct influence on legislation and regulation. We have no influence on the demographic development and its effects on the labour market. But what we are able to influence in our own area of business we want to continue to handle with creativity, boldness and decisiveness. A tailwind rather than a headwind would be of great assistance to us here. And it is in that sense that we kindly request all our shareholders to support us so that we can continue to drive RHÖN-KLINIKUM AG forwards.

Thank you very much for listening!