

RHÖN-KLINIKUM AG

First Quarter 2016 Results

May 6, 2015



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RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

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- 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);

A smooth start into FY 2016 ..

- Pure organic volume growth slightly below average for Q1 periods due to a **seasonality shift**
- **+4.2%** organic increase in inpatient and outpatient cases in Q1 to 191,730 including approx. **+1%** more DRG case mix points

.. and some small structural alterations

- First-time consolidation of **Kreisklinik Bad Neustadt** as of January 1, 2016 (revenue impact in Q1: +€8.4m)
- **Bond redemption** of €143.2m on March 11, 2016
- Opening of fully refurbished 240-bed **psychosomatic clinic** in Bad Neustadt as first milestone in comprehensive campus re-building program
- Good progress on all group-wide initiatives and improvement projects



P&L Key Figures Q1 2016

Performance* in € millions	Q1 2016		vs. Q1 2015
Revenue	291.5	100.0%	+5.6%
Personnel exp.	-187.8	64.4%	+7.3%
Cost of materials	-80.6	27.7%	+0.9%
EBITDA	67.9	23.3%	+36.7%
D & A	-14.7	5.1%	-2.3%
EBIT	53.2	18.2%	+53.6%
Interest result	-0.7	0.2%	+48.1%
Net profit	50.7	17.4%	+54.5%

Q1 with some tailwinds from external growth ..

- +2.9% from first-time consolidation of “Kreisklinik”, comparison of organic revenue growth in Q1 distorted by minor structural effect
- Relatively higher fixed costs in Q1 mainly from integration of “Kreisklinik” and fewer working days

.. and released provision as already indicated

- Includes +€36m positive one-off based on a mandatory provision release from lapsed SPA warranties
- Lower tax ratio driven by one-off effect supportive for net profit and EPS

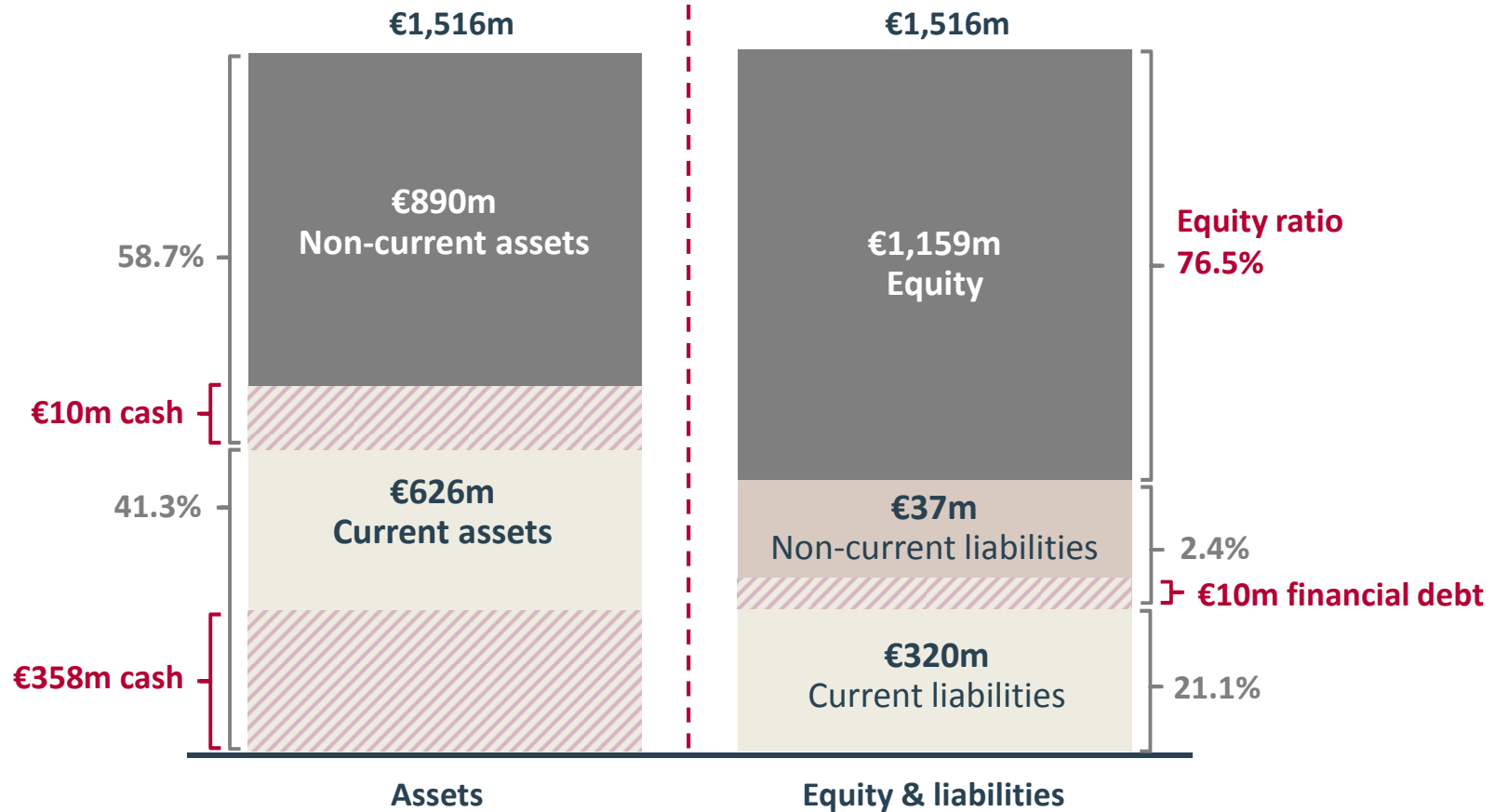
UKGM performance back on track **

- Revenues +2.6% yoy
- EBITDA margin 7.8%

* detailed and comprehensive P&L in Q1 2016 report

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

Q1 2016 Core Balance Sheet Figures



Solid balance sheet with strong cash position even after redemption of €143m bond



- **Net cash position €358m**
- **Equity ratio >70%** implies sufficient headroom for external growth

The management board and supervisory board will propose to the Annual General Meeting on 9 June 2016 the distribution of a

dividend of €0.80 per share

(total dividend sum of €53.6m based on 66.96m shares)

“Comprehensive participation by shareholders in the company’s success through payout ratios above 60% of consolidated net profits – provided that no accretive growth opportunity is realizable”

Key levers

- Organic revenue growth +3 to +4%
(volumes +1 to +2%; DRG prices approx. +2.6%; approx. -1% discount from volume freeze, +2,9% from Kreisklinik)
- Input prices: wages +2.5 to +3%; material costs +1.5 to +2%
- Positive and negative one-time effects in low to mid double-digit million amount area
- Still limited privatization and other M&A opportunities in core business

Guidance

We fully confirm our guidance for FY 2016

- **Group revenues** **€1.17bn to 1.20bn**
- **Group EBITDA** **€155m to 165m**

FY 2016

- **February 26, 2016** Preliminary results for financial year 2015
- **April 15, 2016** Press conference: publication of annual financial report 2015
- **May 6, 2016** Publication of interim report for the quarter ending March 31, 2016
- **June 8, 2016** Annual General Meeting (Jahrhunderthalle Frankfurt)
- **August 4, 2016** Publication of the half-year financial report as of June 30, 2016
- **November 4, 2016** Publication of interim report for the quarter ending Sept 30, 2016

All dates could be subject to modification

Contact

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Federal Level

1

Layer

Total hospital system budget

- Wage sum increase as main reference number for DRG inflation in **2016: +2.95** (2015: +2.53%)
- Sector-specific cost index **+1.57%**

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
- 2016 base rate increase in state of Bavaria only at **+1.74%** after arbitration

Hospital Level

3

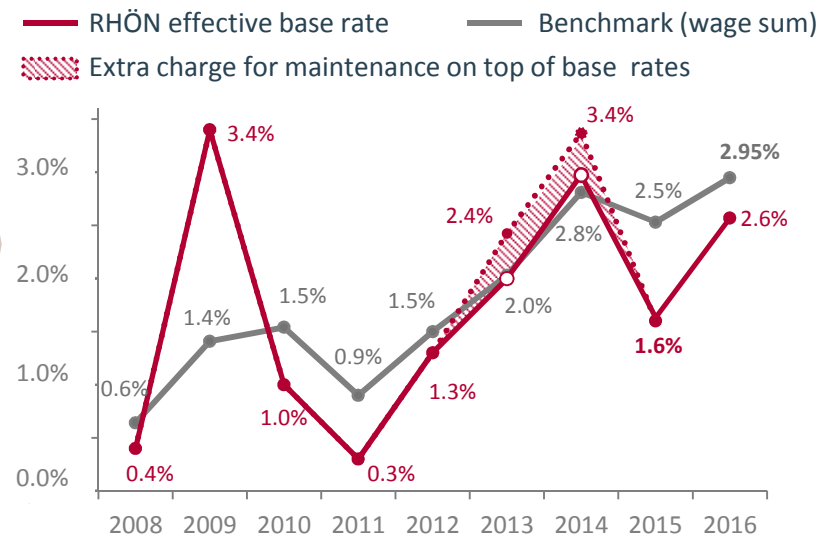
Layer

Individual hospital volumes and reimbursement

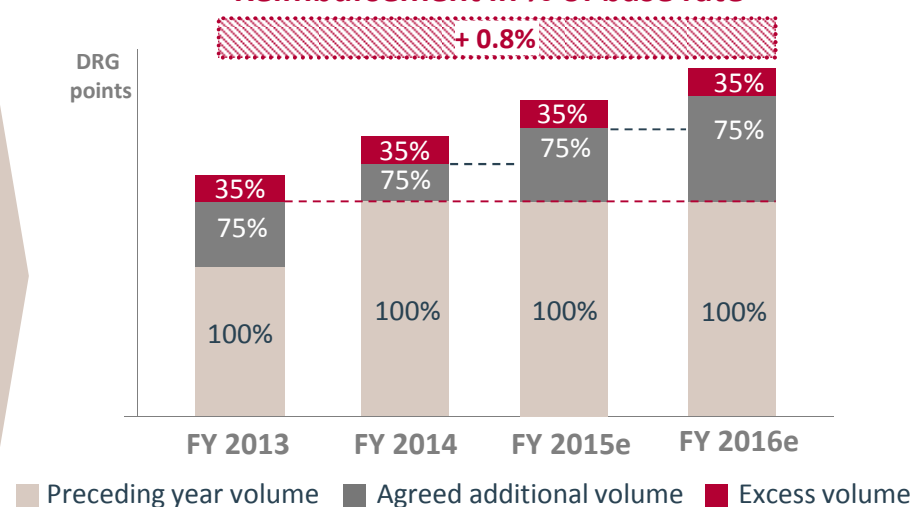
- Negotiation of volume “budgets” between clinic and health insurance funds about additional volumes
- Volumes outside the budget reimbursed at only 35%; **additional volumes inside the budget reimbursed at 75% for 3 years** (e.g. \emptyset -growth assumption of +1.5% p.a. leads over 3Y to a discount in current year of approx. **-1.1%**)

Average base rate increase in states with RHÖN hospitals

(weighted by RHÖN case mix)

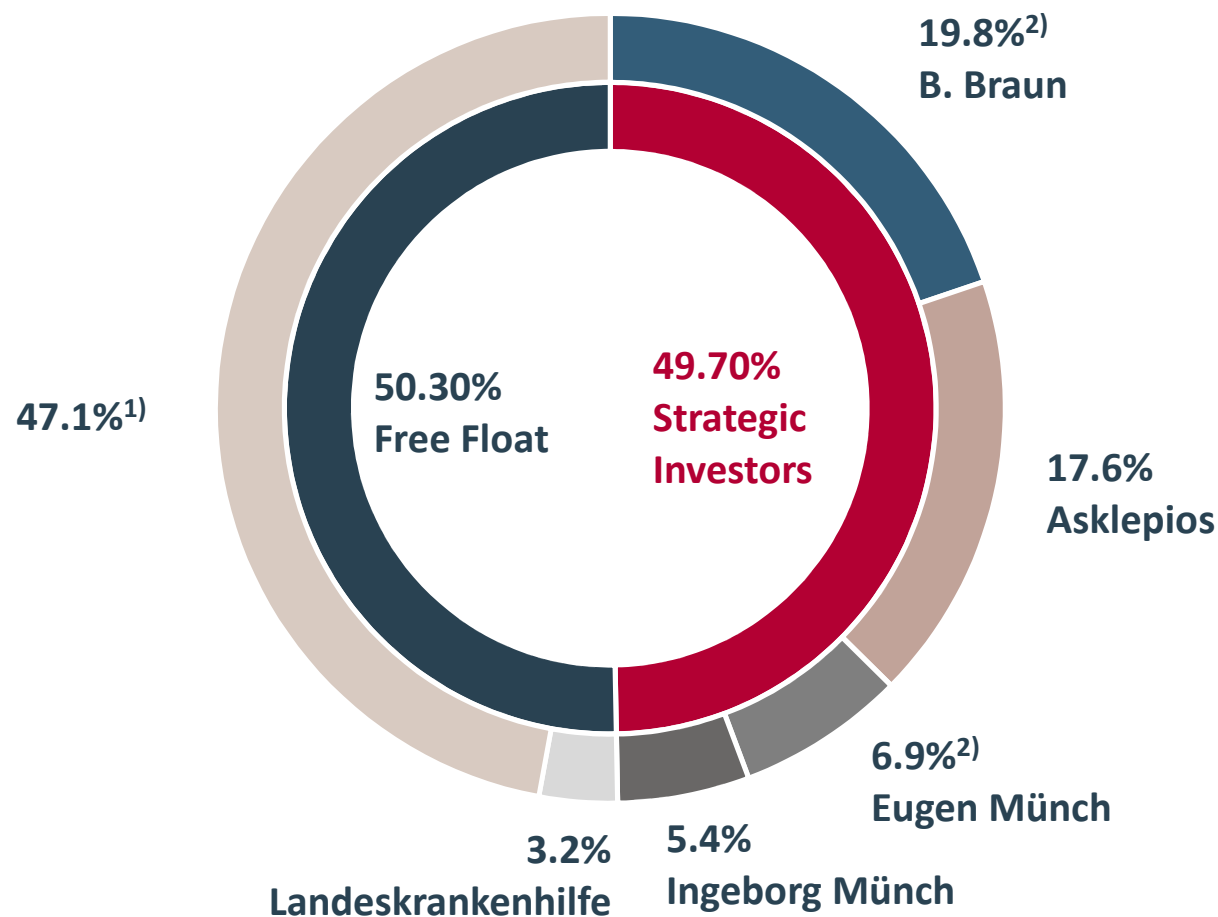


Reimbursement in % of base rate



Like-for-like shareholder structure after capital reduction in 2015

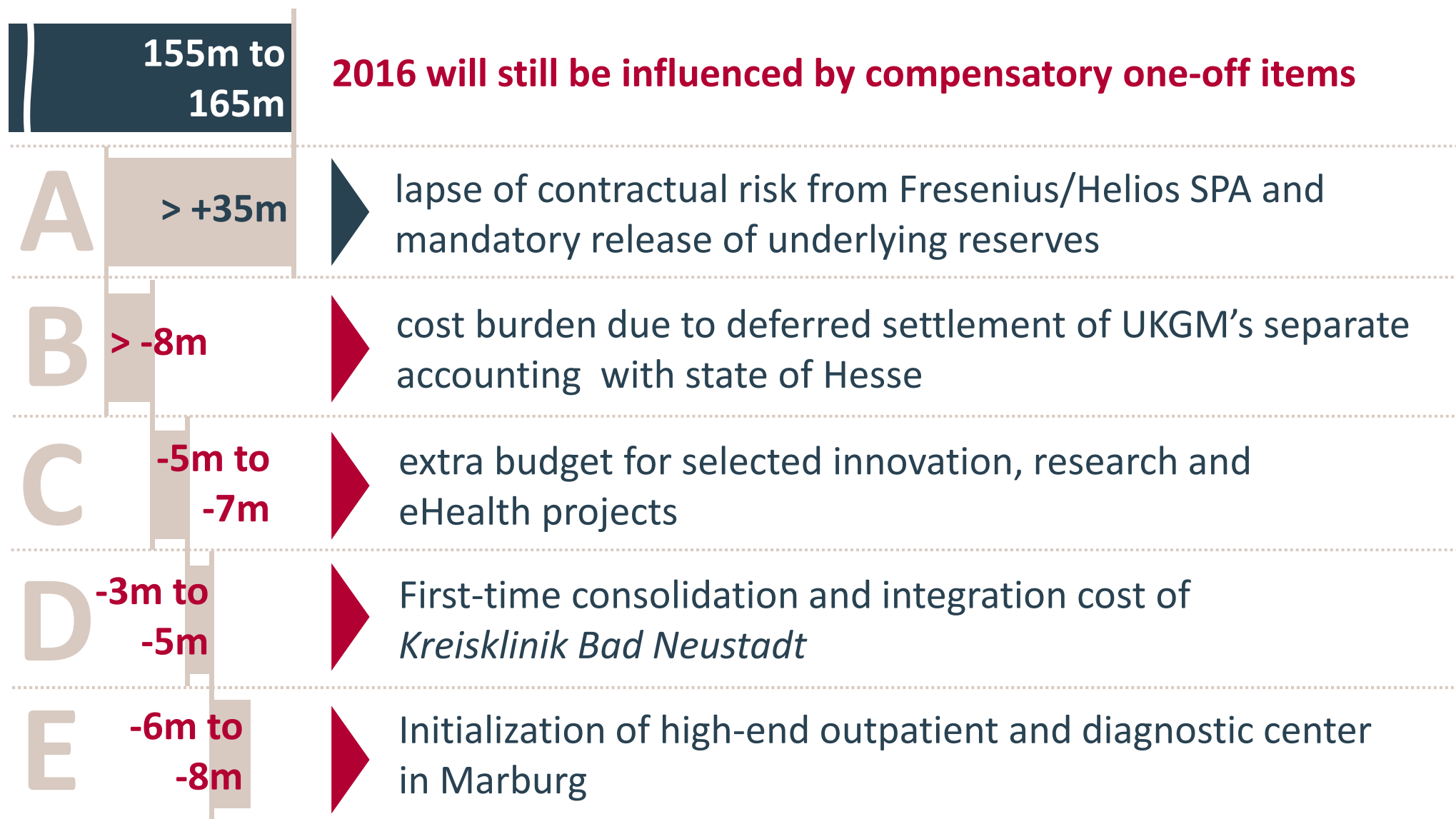
as of 31 December 2015, according to the most recent notifications of voting rights at that time



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

²⁾ Under the assumption "not tendered" in the course of share repurchase 2015

Appendix – Breakdown of Main Extraordinary Effects on FY 2016 EBITDA



financial figures in million € (m)