RHÖN-KLINIKUM AG 26th Annual General Meeting

















Dr. med. Dr. jur. Martin F. Siebert, Frankfurt am Main, 12 June 2014





1. Financial year 2013

- 2. Share, share buy-back and dividend
- 3. Financial year 2014
- 4. Current developments
- 5. Future prospects

Financial year 2013: The transaction



Announcement on 13 September 2013

- High level of confidentiality beforehand to ensure success
- Planned scope of transaction:43 hospitals and attributable MVZs as well as service companies
- Scope taking account of antitrust reservations:
 40 hospitals and attributable MVZs as well as service companies

End to a long phase of uncertainty and creation of a strong and reliable prospect with attractive growth opportunities

Financial year 2013: The transaction



Sustainable value-added for stakeholders

- Shareholders
 - Opportunity of monetisation of their interest in Company
 - Opportunity to continue to participate in the Company's development
- Employees
 - Opportunities to develop within a large Group
 - Opportunity to innovatively shape the process of re-orientation
- Patients:
 - Unchanged focus of all efforts undertaken by RHÖN-KLINIKUM AG
 - Receive services in premium hospitals
 - Prospectively: Advantages of a general-coverage network Group

Result of transaction



Highly efficient and innovative heavyweight

- 10 hospitals at 5 sites with 5,300 beds, 15,000 employees as well as revenues of > € 1 bn
- Above-average care level and medical quality
- Highly specialised services and state-of-the-art medical technology
- Close integration of hospital care with research and teaching

- Advantages for nearly all interests in Company
- Sustainably enhanced enterprise value
- Improved market position
- Additional earnings and growth opportunities

Financial year 2013



Figures

Patient treatments:	2.65 m	
Revenues:	€ 3.01 bn	
EBITDA:	€ 275.4 m	
Net consolidated profit:	€ 90 m	

"A transaction of this scale, in an environment that has not always been friendly, ties considerable management resources at the Group and individual hospital level. [...]
There is no doubt that the year 2013 has to be seen and evaluated in the light of these circumstances."



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Proposed dividend



Board of Management and Supervisory Board propose to AGM to

distribute a dividend of € 0.25 per share

on basis of a profit of € 0.63 per ordinary share

stabile distribution rate (roughly 40%)

Dividend total: approx. € 34.6 m

Share buy-back vs. special dividend



Numerous advantages of share buy-back programme

- Adjustment of registered share capital to new Company size
- Possibility of exit option of Shareholders with moderate impact on share price
- Possibility of taking individual decision on investment
- Shareholders can realise value increases without deduction of investment income tax

Share buy-back proposal



Board of Management and Supervisory Board propose to AGM to disburse the majority of sale proceeds amounting to approx. € 1,67 bn

under a **share buy-back programme**.

- Public purchase offer 2014 for a total of roughly € 1.67 bn
- Offer price per share
 - Floor: weighted Ø price during last 3 trading days immediately preceding announcement (VWAP) € 23.54
 - Cap: no more than +7.0% on Xetra closing auction price
- Tender ratio, tender rights and their trading
 - → Specific terms to be set out in offer document



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Financial year 2014



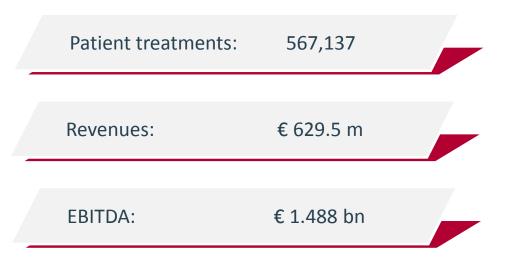
Closing of transaction in Q1

- Removal of hospitals Boizenburg, Cuxhaven, Waltershausen-Friedrichroda from antitrust filing in 2013
- Approval of transfer of filed company interests by Federal Cartel Office without restrictions and conditions in February 2014
- 27 February 2014: Closing of transaction
 - Legal and actual transfer of most interests
 - Salzgitter: transfer in early March
 - HSK: transfer expected middle of June

Financial year 2014



Q1 figures



Forecast for 2014:

No serios forecast possible for revenues and earnings

Forecast for 2015:

Revenues of € 1.06 – € 1.12 bn EBITDA of € 145 – € 155 m

Financial year 2014: General environment



Regulated market environment

- Structural problems in meeting challenges
- Reluctant use of inpatient medical services
- Trend in demographically driven demand for healthcare services unclear
- Mounting cost pressures: increase in wage and material costs coupled with expected price discounts
 - Task of Management:
 - Development and implementation of a clear and viable strategy for future



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Healthcare Campus Bad Neustadt

- New construction of 5 clinics at site
 - Model concept of project
 - Optimised medical care at highest level
 - Innovative positioning within modern hospital system
 - Even better interdisciplinary integration
 - Shorter paths and more direct communication
 - Significant improvement in environmental standards
 - Highly modern working environment for our staff





- New radiotherapy department (MVZ) commissioned
- Cornerstone-laying ceremony for new Radiopharmacy Department
 - Most modern facility of its kind in Germany
 - Production of radiotherapeutically effective drugs

- Additional psychiatry day clinic for children and adolescents with outpatient psychiatric institute
- Offering covering the entire range of paediatric and juvenile psychiatric disorders







Economic situation: result for the year of + € 2 m in 2013

Gießen site:

- Launch of Spinal Cord Competence Centre
- Go-ahead for Hessian Aorta Centre
- Investment of € 22 m for construction of new psychiatry department

Marburg site:

- New treatment offering for psychosomatic and psychological conditions
- Accrediting of the Institution for Laboratory Medicine
- Opening of Centre for Unknown Diseases

Successful experiment: Germany's first privatised university hospital



Particle Therapy Centre in Marburg (PTC)

- High-precision proton accelerator for irradiation of certain types of tumours
- Founding of joint operating company with the University Hospital of Heidelberg
- Start of commissioning in 2014 and treatment of first patient in 2015





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Future prospects



Steadfast re-orientation of our Company

- Medical Board: Combining overarching corporate strategy with expertise of medical science
- Transformation from heterogeous hospital group into integrated healthcare services provider

Our brand name and our performance commitment: innovation and treatment excellence

Future prospects



Project of network medicine

- Joint partnership with Helios Kliniken and Asklepios Kliniken
- Offering of employer-financed supplementary insurance scheme for additional outpatient and inpatient services
- Open to all facilities meeting the requirements
- An offer for <u>all</u> health insurance members whether privately insured or state-insured

"Within this network, RHÖN-KLINIKUM AG also in future understands itself as the decisive mover. In keeping with the tradition and selfperception of our Company, we will thus continue to assert the leading creative position when it comes to implementing new ideas."



THANK YOU FOR YOUR ATTENTION!

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