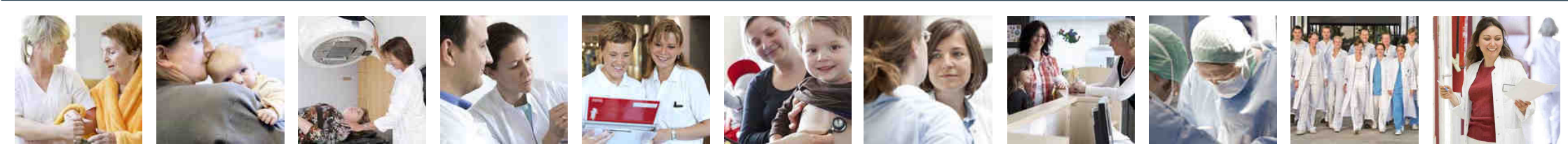


RHÖN-KLINIKUM AG

First Quarter 2015 Results

May 07, 2015



Jens-Peter Neumann, CFO



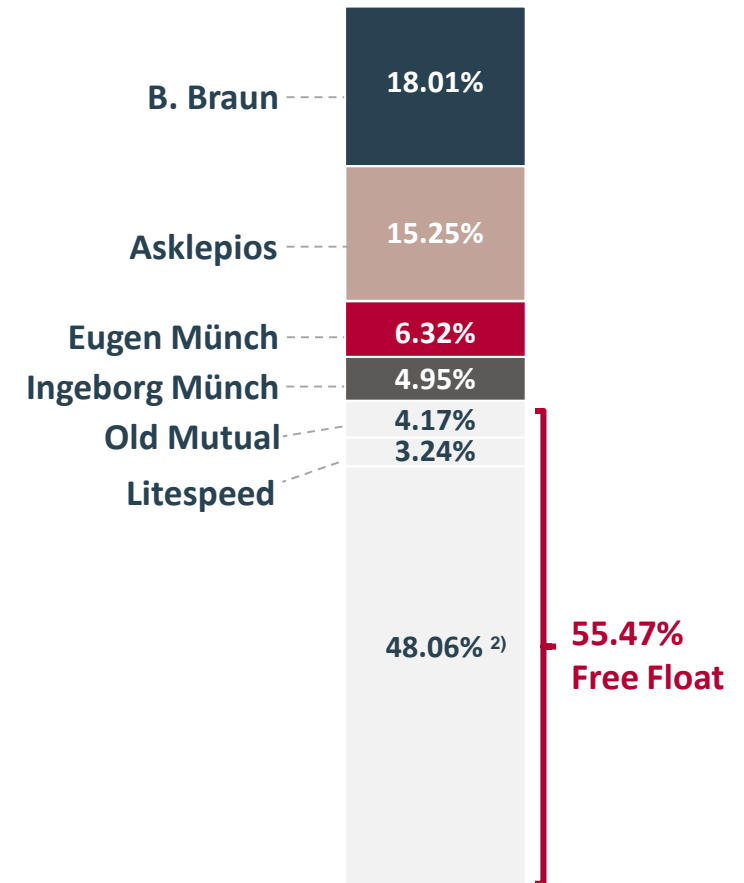
RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

Returning to normal

- Operational development on track with attractive underlying volume growth of **+10.4%** to 191,730 inpatient and outpatient cases in Q1 including **+1.8%** more DRG case mix points
- Final 2015 DRG base rates inflator for RHÖN portfolio ~ **+1.6%** (Hesse state: base rate +1.08%)
- Successful abatement with social insurance carriers adds a further **€ 19.7m** to EBITDA in Q1
- Initiative to boost innovation and research projects (extra budget for 2015 € 3m-4m)
- Preparation of AGM and total distribution in 2015 of up to ~ **€ 255m¹⁾** in combination of dividend and share buy back
- Start of large building project in Bad Neustadt
- Challenging acquisition landscape but promising signals for a potential signing in Q2 2015

Shareholder Structure

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



¹⁾ Refers to market cap of € 1.82bn for a potential share repurchase (end of April 2015)

²⁾ Shareholders with less than 3% of total voting rights

Performance* in € millions	Q1 2015	
Revenue	276	100.0%
Personnel expenses	-175	63.4%
Cost of materials	-80	28.9%
EBITDA	50	18.0%
D & A	-15	5.5%
EBIT	35	12.5%
Interest result	-0.5	0.1%
Net profit	33	11.9%

Operating P&L almost at normal level ...

- Organic revenue growth slightly squeezed by 2015 pricing pressure in state of Hesse and deferred system surcharge for university clinics
- Increased material cost ratio reflects higher needs of superior medical goods for new portfolio

... flanked by smaller and mainly historical one-offs

- € 19.7m in other operating income from abatement with social insurance carriers without any cash impact
- Slightly higher depreciations on Bad Neustadt assets according to decreased economic lifetime (~ € +1m)
- Almost balanced interest result including interest to be paid on residual outstanding debt

* detailed and comprehensive P&L in Q1 2015 report

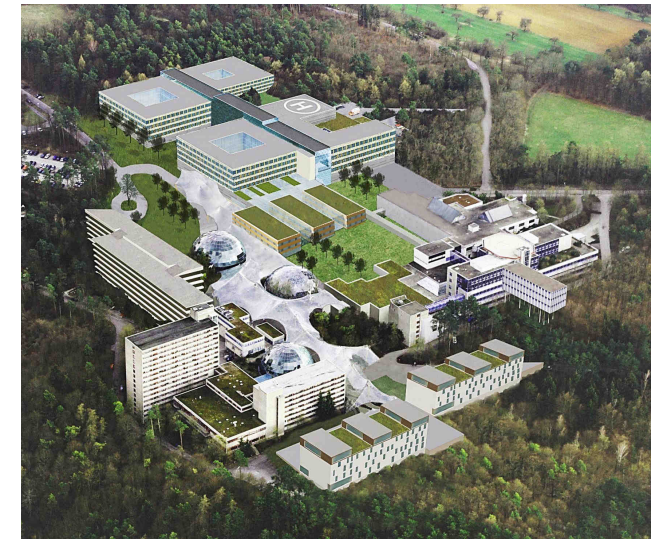
UKGM: operating performance stabilized in Q1 despite regulatory setbacks in 2015

- Revenue growth +2,4% yoy
- EBITDA margin 5.5%

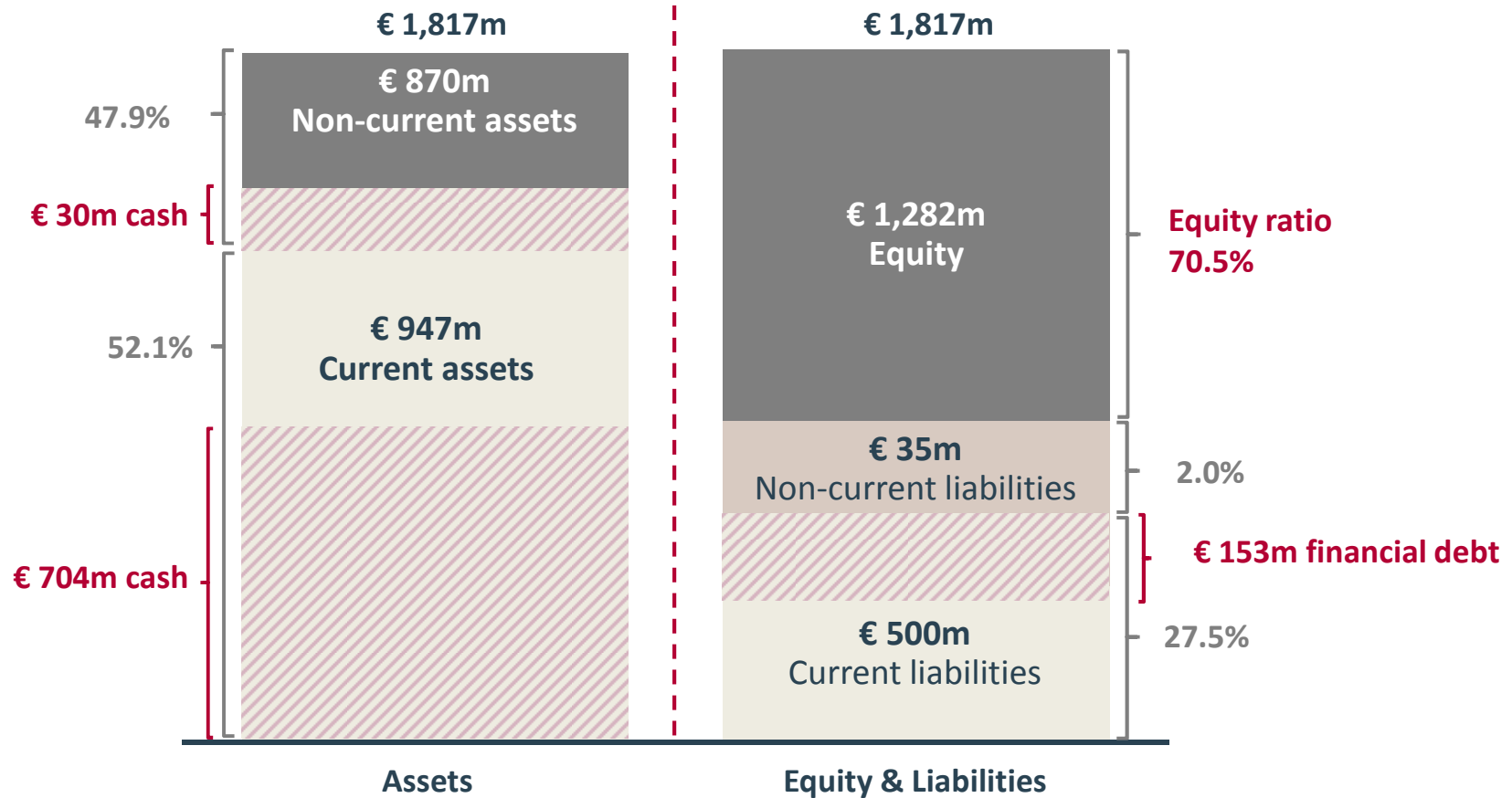


Rebuilding of Bad Neustadt Campus kicked-off

- Reconstruction and capacity enlargement from 1,440 to >1,690 beds
- Optional integration of last remaining general hospital in Bad Neustadt
- Total budget approx. € 200m (already funded/designated in 2013)
- Construction period 2015-2019
- Infrastructural renewal works hand in glove with a highly innovative and integrated medical concept



Q1 2015 Core Balance Sheet Figures



After the successful share repurchase in 2014, the balance sheet is still shaped by the outcome of the transaction

- Equity dominates with **70.5%**
- Net cash € 581m** (cash less financial debt)

The Management Board and Supervisory Board propose to the Annual General Meeting on 10 June 2015 the distribution of a

dividend of € 0.80 per share

(total dividend sum of € 58.8m)

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

Framework for another share repurchase offer in the second half of 2015

→ The 2014 AGM authorised the Management Board to repurchase up to 10% of the registered share capital until 31 December 2015

- No need for a new resolution at the 2015 AGM
- The 2014 share repurchase was a great success – proven by a very high tender ratio (98.4%) and high liquidity in rights trading throughout the tender period
- Parameters of potential new share repurchase in 2015 such as offer price, tender ratio, put rights etc. would be announced promptly before the launch and published via corresponding offer documents

Election of the Supervisory Board

- List of candidates with 8 shareholder representatives published
- Unanimous resolution of supervisory board reflects main criteria: general aptitude, qualification, independence, potential conflict of interest and future mandatory 30% proportion of women

Supermajority of company's bylaws still at 90%

- After the 2013 AGM resolved to delete the 90%* rule, three different pending legal actions continue to prevent the registration of the resolution with the commercial register
- The timing of the registration is still unforeseeable – it is likely that 90% will also apply at the 2015 AGM

* i.e. the requirement of a majority of more than 90% provided for in section 17 (4), 1st sub-paragraph of the articles of association

KEY LEVERS

- Organic revenue growth +3-4% (main output prices ~ +1.6%; volumes +1-2%)
- Input prices: wages +2.8-3.2%; material costs +1.5-2%
- Positive and negative one-time effects in low double digit million amount area
- Excluding M&A activities

GUIDANCE FY 2015

- **Group revenues** € 1,080m to 1,120m
- **EBITDA** € 145m to 155m

**FULLY
CONFIRMED**

FY 2015

- **June 10, 2015** Annual General Meeting (Jahrhunderthalle Frankfurt)
- **August 6, 2015** Publication of the half year financial report as of June 30, 2015
- **November 6, 2015** Publication of interim report for the quarter ending Sept 30, 2015

All dates could be subject to modification

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Federal Level

1

Layer

Total hospital system budget

- Reference number: **+2.53%** (wage sum increase)
- Sector-specific cost index was at **+1.44%**

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
- 2015 special event in Hesse with high discounts and base rate increase only at **+1.08%**

Hospital Level

3

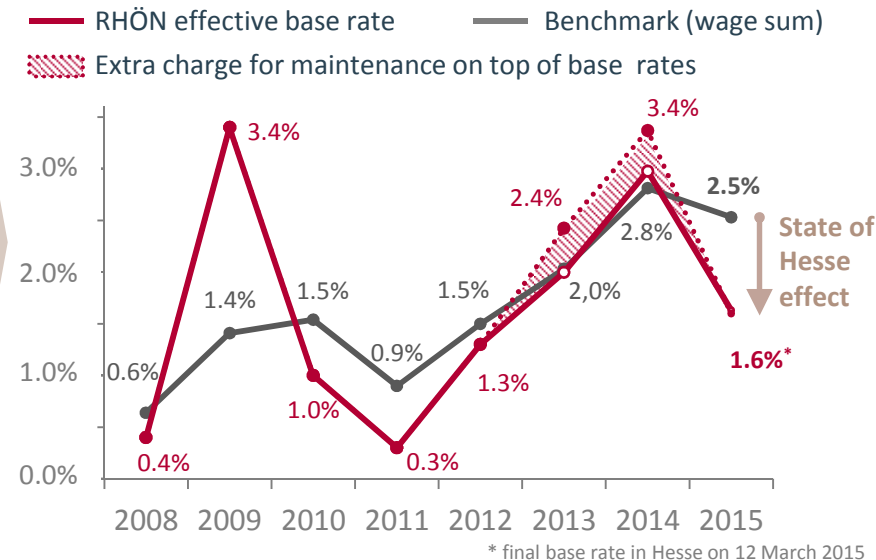
Layer

Individual hospital volume and reimbursement

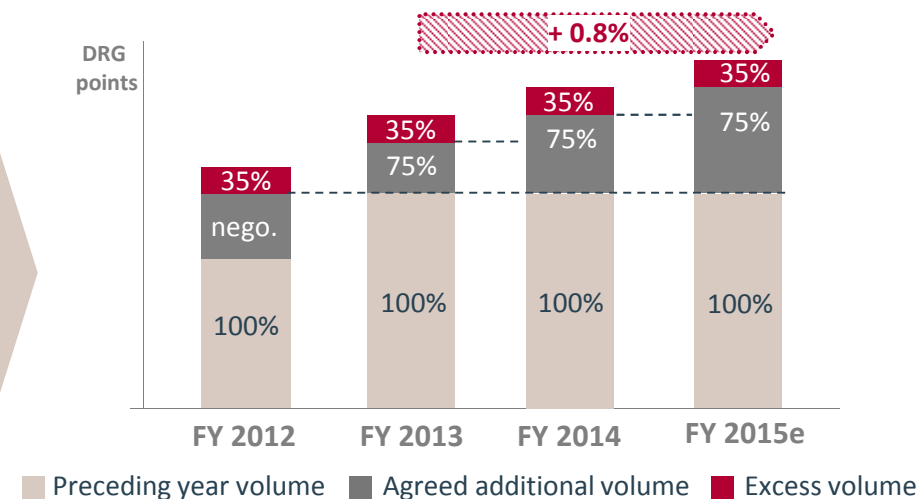
- Negotiation of volume “budgets” between clinic and health insurance funds (H2 2014)
- Based on volumes of preceding year, additional volumes have to be agreed
- Volumes outside the budget reimbursed at only 35%; **additional volumes inside the budget reimbursed at 75% for three years**

Average base rate increase in states with RHÖN hospitals

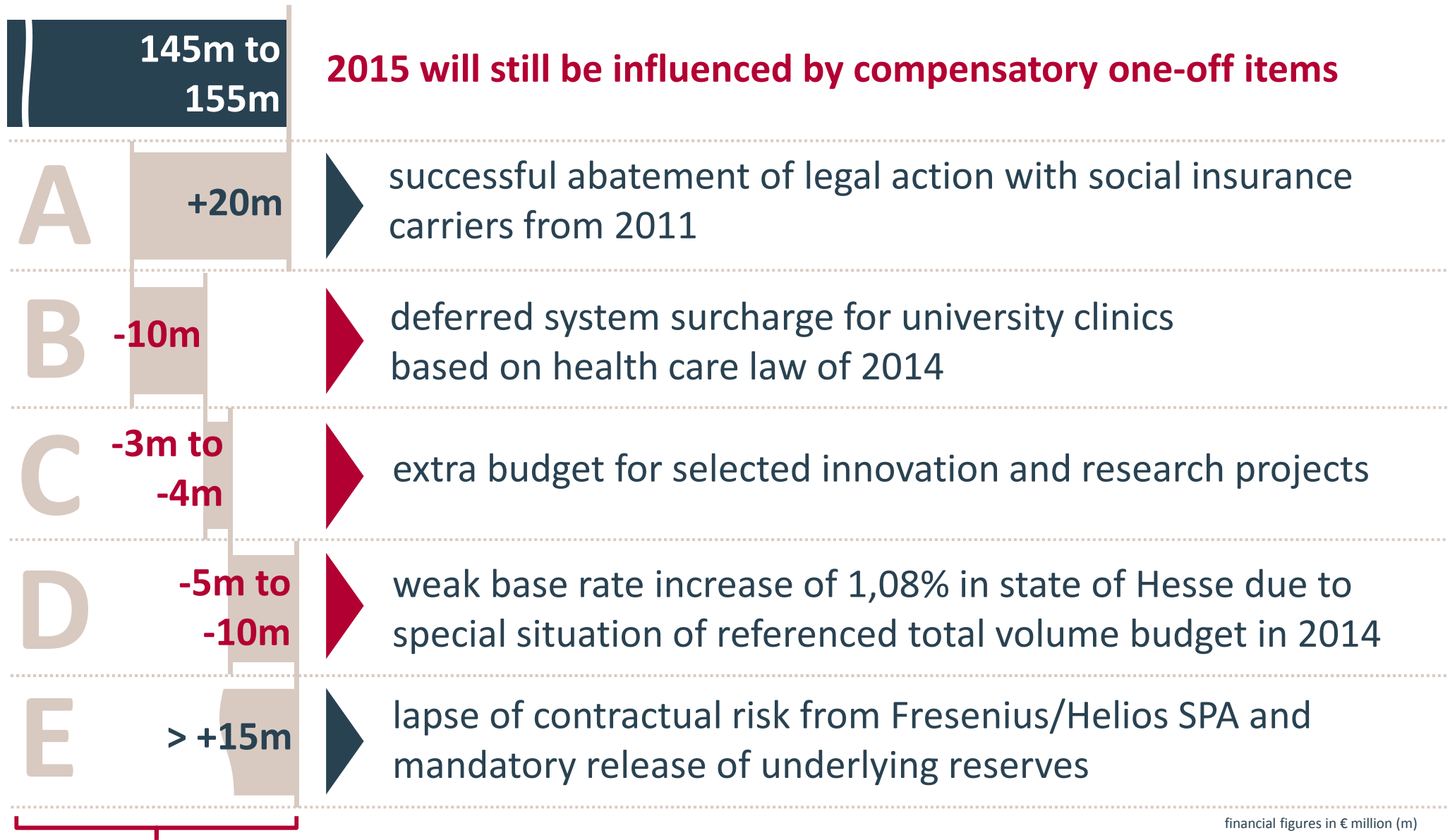
(weighted by RHÖN case mix)



Reimbursement in % of base rate



Appendix: Breakdown of Main Extraordinary Effects on FY 2015 EBITDA Outlook



145m to 155m previous mid-term 2015 EBITDA outlook as of Sept. 2013

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