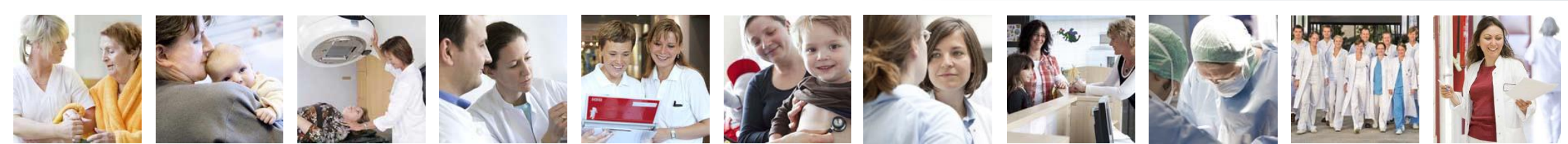


# RHÖN-KLINIKUM AG

## First Quarter 2016 Results

May 6, 2016



Jens-Peter Neumann, CFO  
Dr. Kai G. Klinger



**RHÖN-KLINIKUM**  
AKTIENGESELLSCHAFT

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## 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	<b>291.5</b>	100.0%	+5.6%
Personnel exp.	<b>-187.8</b>	64.4%	+7.3%
Cost of materials	<b>-80.6</b>	27.7%	+0.9%
EBITDA	<b>67.9</b>	23.3%	+36.7%
D & A	<b>-14.7</b>	5.1%	-2.3%
EBIT	<b>53.2</b>	18.2%	+53.6%
Interest result	<b>-0.7</b>	0.2%	+48.1%
Net profit	<b>50.7</b>	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

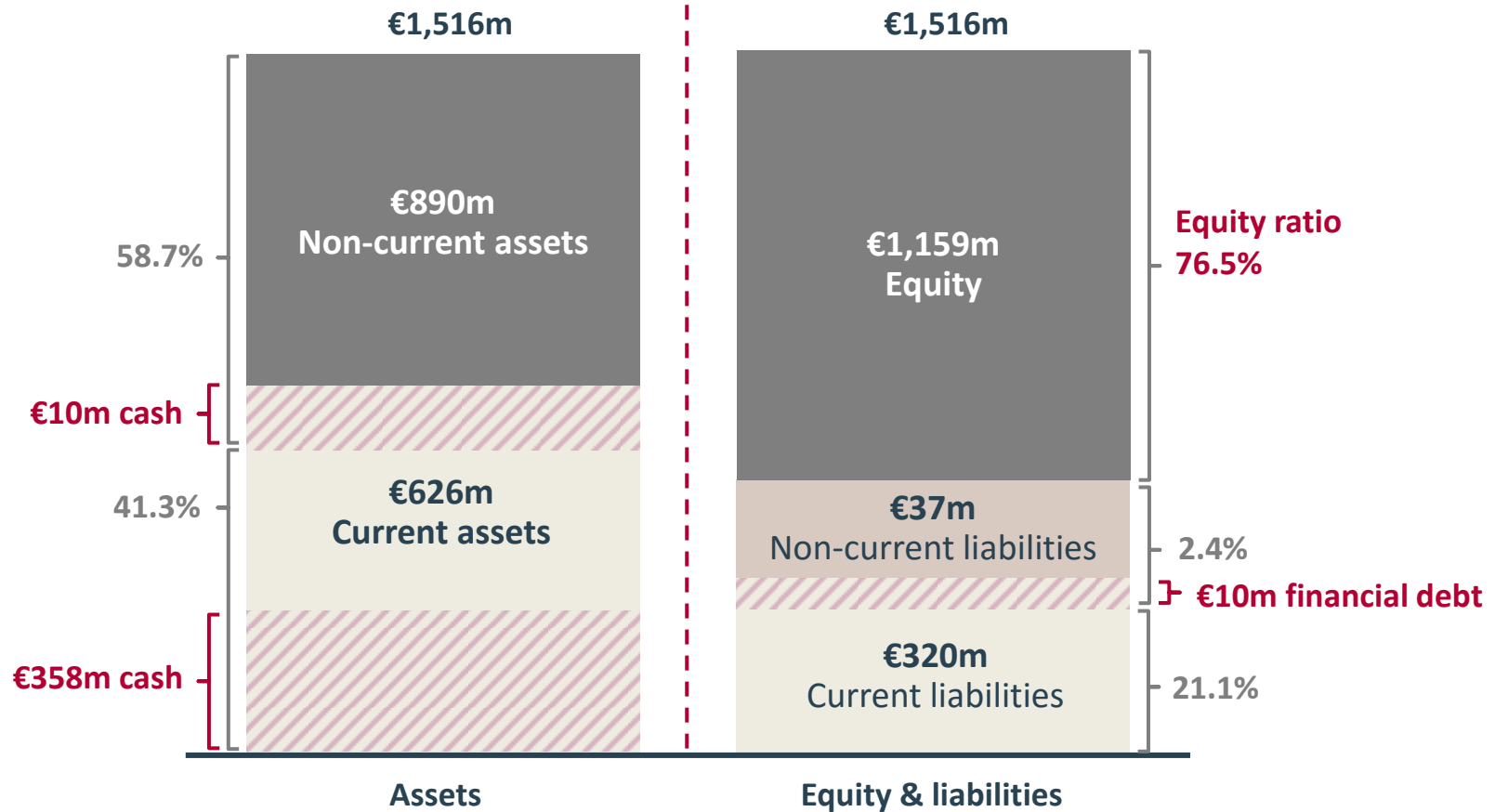
## UKGM performance back on track \*\*

- 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

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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

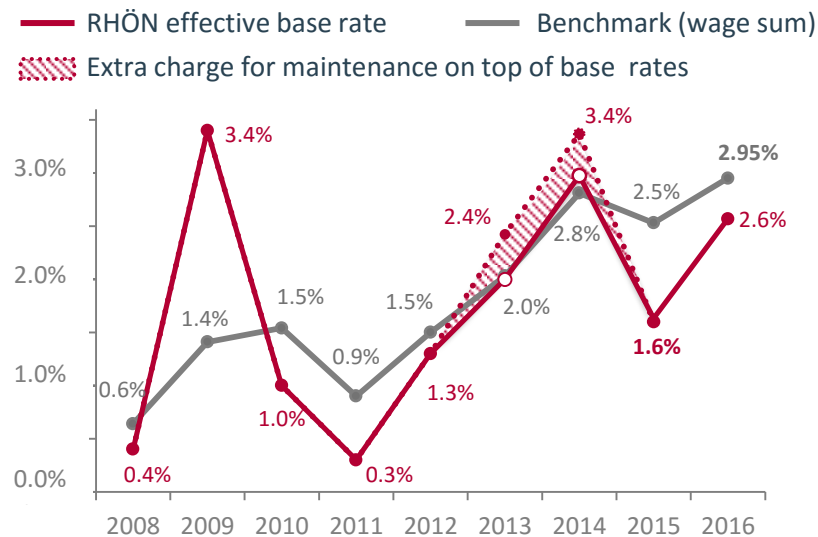
Layer

### Individual hospital volumes and reimbursement

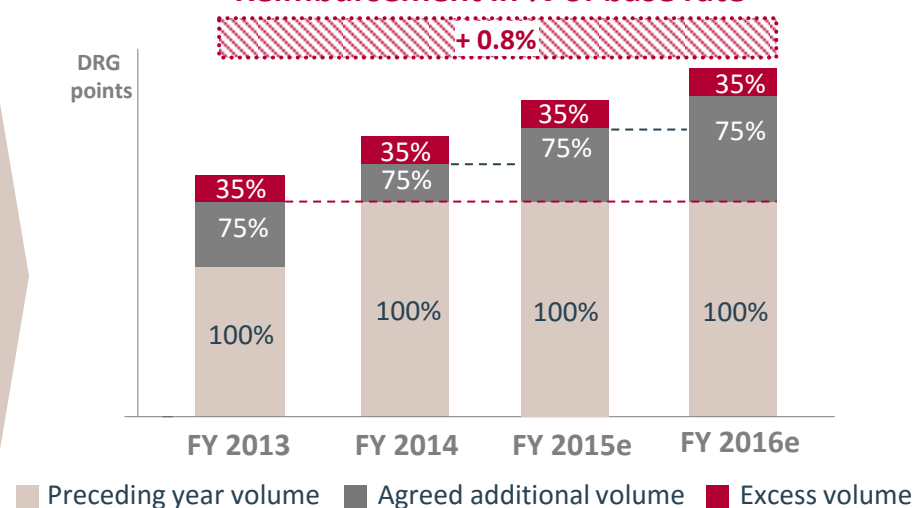
- Negotiation of volume “budgets” between clinic and health insurance funds about additional volumes
- Volumes outside the budget reimbursed at only 35%; **additional volumes inside the budget reimbursed at 75% for 3 years** (e.g.  $\emptyset$ -growth assumption of +1.5% p.a. leads over 3Y to a discount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

### Average base rate increase in states with RHÖN hospitals

(weighted by RHÖN case mix)

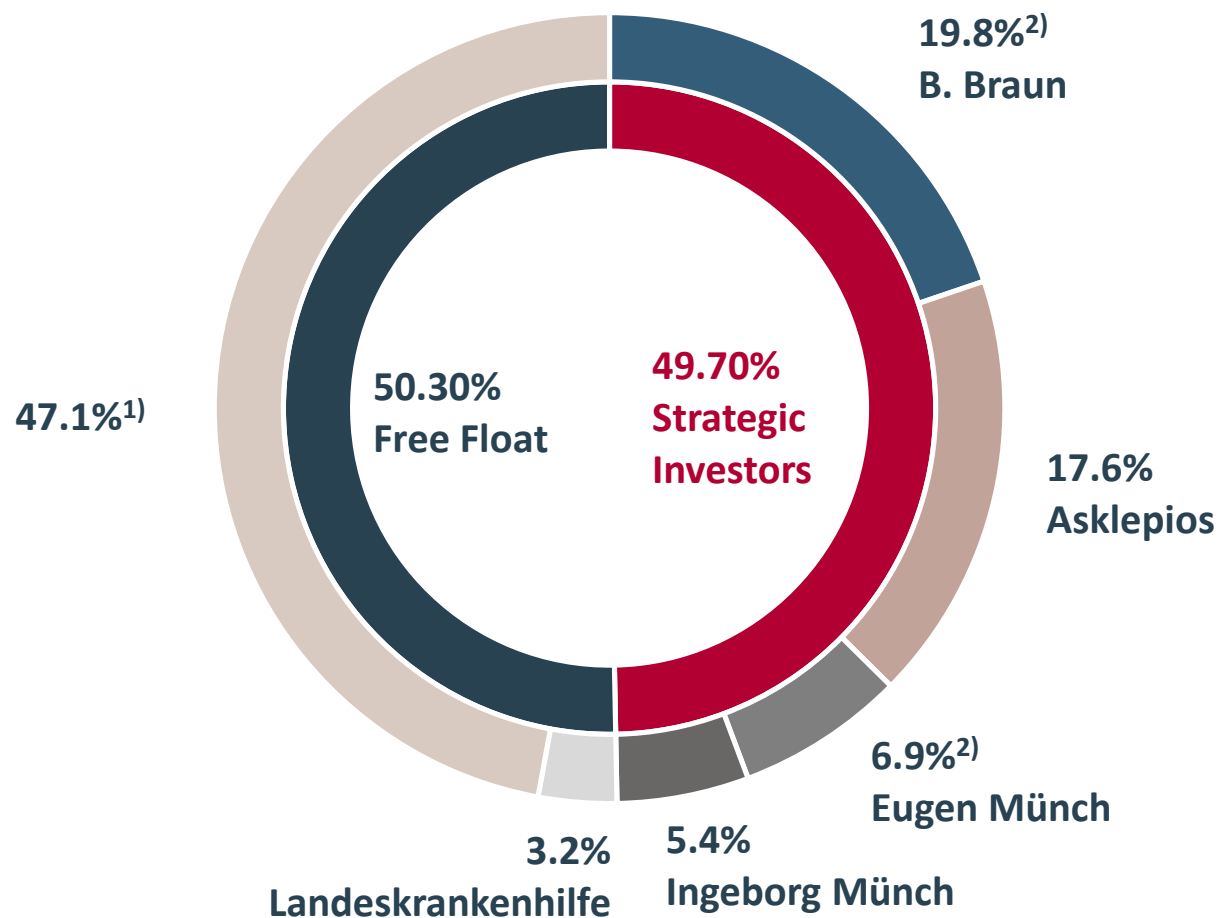


### Reimbursement in % of base rate



## 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



<sup>1)</sup> Shareholders with less than 3% of total voting rights

<sup>2)</sup> 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)