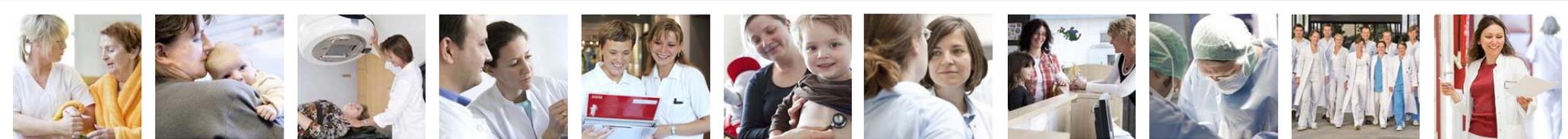


First Half-Year Results 2018

2 August 2018



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- For computational reasons, rounding differences of \pm one unit (€, %, etc.) may occur in the tables.
- 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);

- **Against headwinds, solid economic development within first six months**
 - ✓ 432,317 inpatient and outpatient treatments (+2.2%)
 - ✓ Revenues +3.6%/EBITDA +1.8%/net profit +4.1%
- **Strategic focus on growth in new business areas: rollout of campus strategy, digitalization and telemedicine (abolition of the ban on distance treatments)**
- **Constructive discussions were held with decision makers for a potential extension of our campus strategy to selected German regions**
- **Digitalization and initiated measures to improve corporate profitability pushed forward with vigor and important successes achieved**
 - ✓ Optimization of billing processes to reduce bad debt losses through staff training, MDK talks and digital tools
 - ✓ Medical Cockpit at advanced stage and ready for Campus opening
- **Flagship project “Campus Bad Neustadt” is in the final spurt ahead of the opening in December 2018**



Key P&L figures

First Half-Year of 2018

Performance ¹⁾ in € millions	H1 2018		vs. H1 2017
Revenue	620.2	100.0%	3.6%
Personnel exp.	-401.3	64.7%	2.5%
Cost of materials	-183.8	29.6%	8.6%
Other expenses	-59.3	9.6%	-5.1%
EBITDA	51.1	8.2%	1.8%
D&A	-30.2	4.8%	3.1%
EBIT	20.9	3.4%	0.0%
Income tax	3.3	0.6%	-2.9%
Net profit	17.6	2.8%	4.1%

Operating performance on track despite adverse regulatory interventions and as yet unrecognized effects from separate accounting...

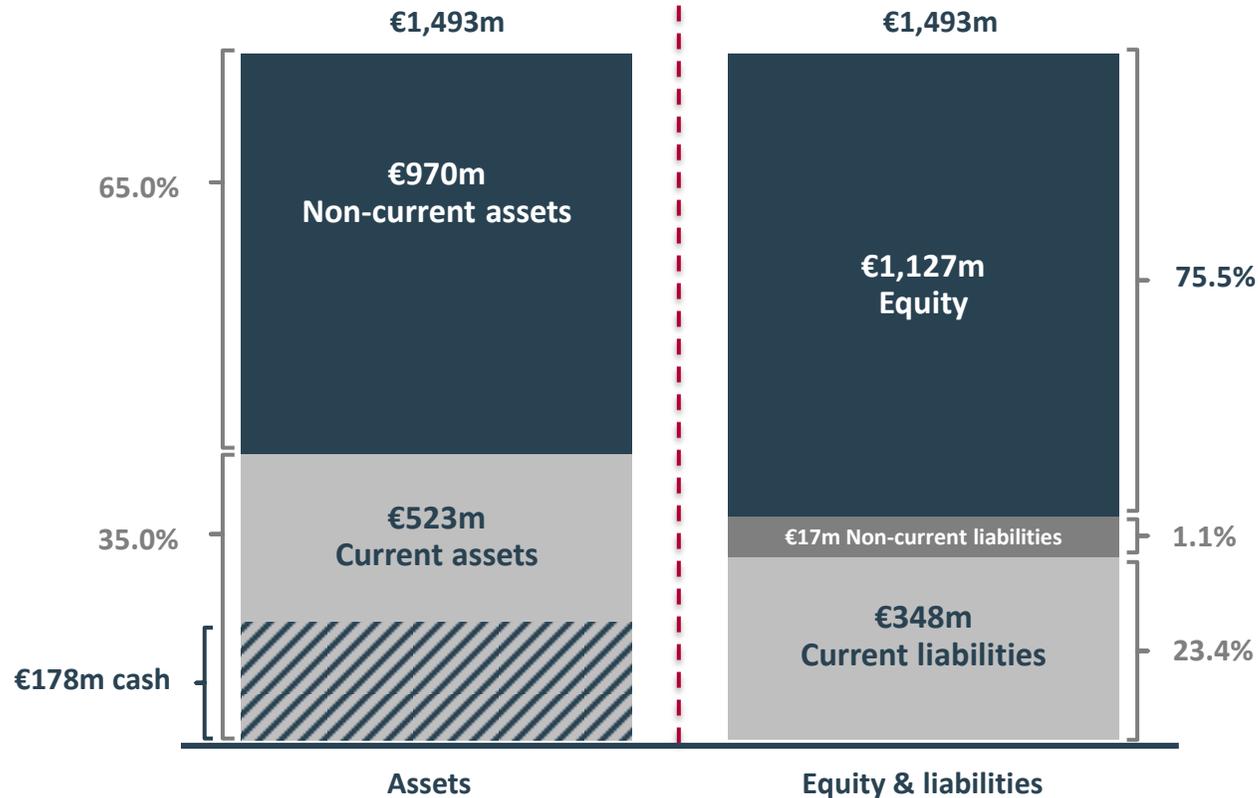
- Attractive revenue growth of +3.6% incl. adjustments²⁾
- Prior-year personnel expenses include one-off payments for MGMT realignment in the low single-digit million area
- Increase in material costs after adjustments for SPINRAZA (+0.9%) significantly improved through strategic measures; Material ratio without SPINRAZA 28.1% (-20bps vs. H1 2017)
- Other expenses without MDK-corrections down by -5.1%
- **Stable operating margins despite anticipated tariff rises and staff increases, which had a particularly strong impact in Q2**
- **Further EBITDA improvement expected for this autumn as soon as the effects of separate accounting can be booked³⁾**

¹⁾ Detailed and comprehensive P&L in H1 2018 report

²⁾ Adjustments: +2.2% SPINRAZA effect; -1.0% IFRS15 MDK corrections

³⁾ Third party comparison by auditor expected to be fulfilled in autumn 2018

Core balance sheet positions as of 30 June 2018



€178m cash assets
75.5% equity ratio
Financial debt free¹⁾



**Healthy and sustainable balance
sheet structure with extraordinarily
strong key figures**

¹⁾ Syn loan facility not drafted as of 30 June 2018

“We are paving the way to approach a double-digit EBITDA margin in the near future with our strategic vision including the expected effects from separate accounting”

**GUIDANCE
FY 2018**

■ Group revenues	€ 1.24bn +/- 5%	fully confirmed
■ Group EBITDA	€ 117.5m to € 127.5m	

Brief outlook on regulatory developments...

- Discounts on additional volumes and catalogue effect, mainly on cardio and special orthopaedics, expected to remain (effect in 2018 approx. -1.25% on growth of DRG revenues)
- Minimum levels for nursing staff still valid from 2019 onwards based on KHS¹⁾
- But no agreement between National Association of Insurance Funds and German Hospital Federation on the method of calculating minimum levels (deadline 30.06.2018 elapsed)
- Parameters on nursing levels must now be defined by German ministry of health
- Reimbursement for nursing shall be excluded from DRG System with effect from 2020 onwards based on uniform valuation ratios at federal level

¹⁾ KHS stands for German Hospital Structure Act as of 2016

- **23 February 2018** **Preliminary results for financial year 2017**
Conference call
- **29 March 2018** **Publication of annual financial report 2017**
Press conference
- **4 May 2018** **Publication of interim report for the quarter ending 31 March 2018**
- **6 June 2018** **Annual General Meeting (Stadthalle Bad Neustadt)**
- **2 August 2018** **Publication of the half-year financial report as of 30 June 2018**
- **9 November 2018** **Publication of interim report for the quarter ending 30 Sept 2018**
Conference call

All dates could be subject to modification

Federal Level

Layer

1

Total hospital system budget

- Wage sum increase as main reference number for DRG inflation in **2018: +2.97%**
- Sector-specific cost index +2.11%

State Level

Layer

2

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
- 2018 base rate for RHÖN portfolio approx. **+2.7%**

Hospital Level

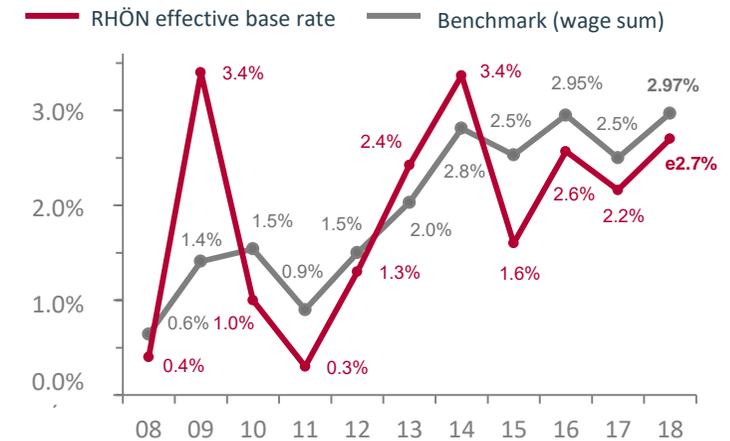
Layer

3

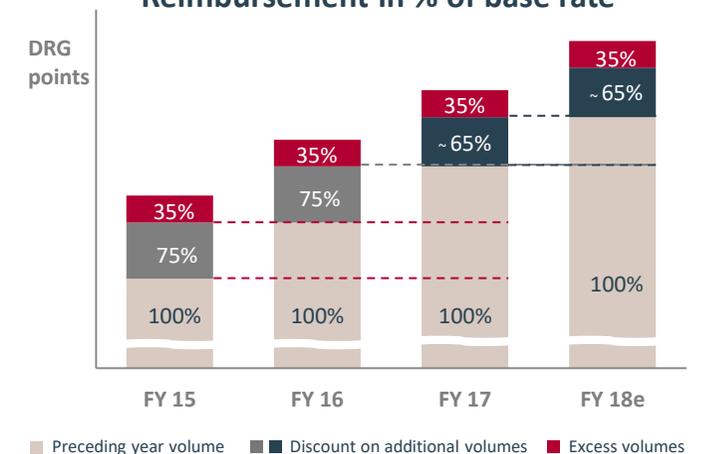
Individual hospital volumes and reimbursement

- Negotiation of volume “budgets” between hospital and health insurance funds
- Additional volumes within the budget reimbursed at ~65 to 75% for 3 years** (→ e.g. \emptyset -vol. growth assumption of +1.5% p.a. leads over 3Y to a revenue discount of approx. -1.4% for these underlying DRG cases).
- Volumes outside the budget reimbursed at only 35%**

Average base rate increase in states with RHÖN hospitals (weighted by RHÖN case mix)

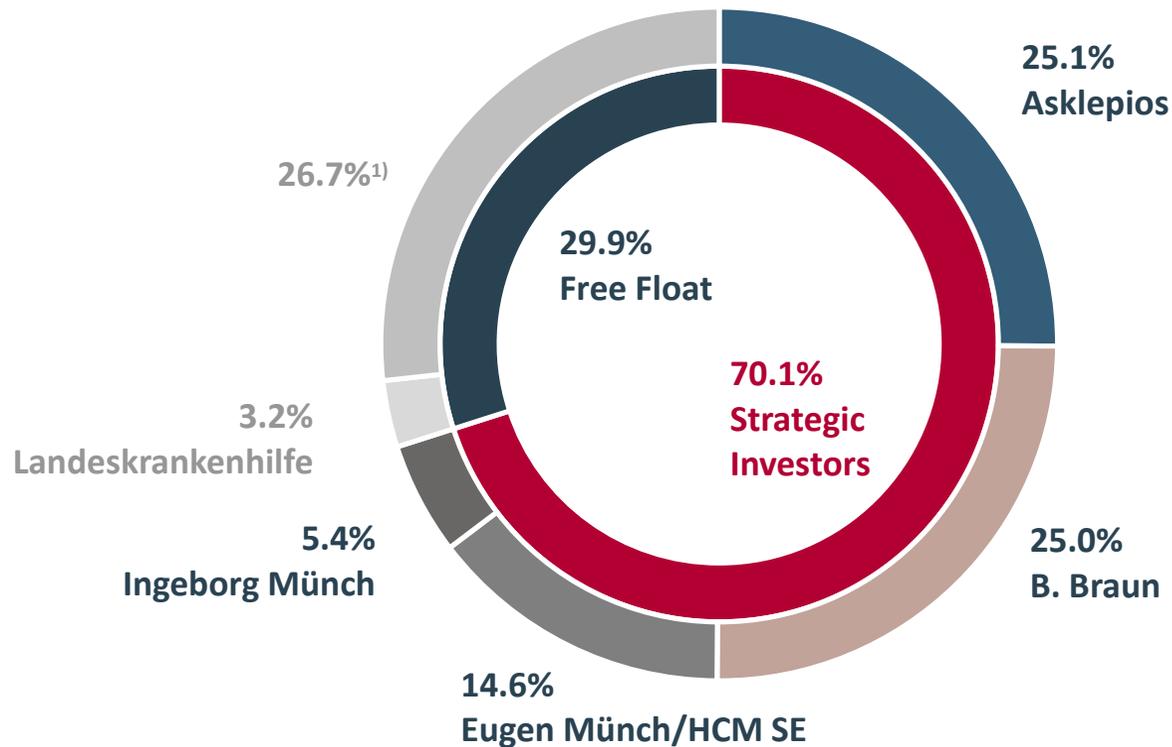


Reimbursement in % of base rate



Shareholder Structure

as of 30 June 2018, according to the most recent notifications of voting rights at that time



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

Appendix

IR contact information

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