

INTERIM REPORT

Q1 2019



RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

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

LETTER TO SHAREHOLDERS

Dear Ladies and Gentlemen,
Dear Shareholders,

The healthcare sector currently finds itself in rough waters: it continues to face massive interference by the legislator in its entrepreneurial freedom, without, in the Company's view, any sufficient justification given or plausible case made for this. The digital transformation which our Company sees above all as an opportunity to provide even better care for patients and which will make working processes easier for our employees, will mean increasing scrutiny for many traditional processes. The shortage of specialists not only among physicians and nurses but also in central functions such as IT is also presenting our Company with new challenges.

We are embracing these developments with courage and confidence. Particularly providers with small and medium-sized hospitals in their portfolio will likely be especially impacted by the more stringent regulatory framework. However, RHÖN-KLINIKUM AG adjusted its portfolio in this regard already in 2013/14 and today exclusively operates large, highly specialised facilities that can respond more flexibly to such developments. We are firmly convinced that inpatient and outpatient care structures are not meant to be separate, and should not be run as if they were. Cross-sector interaction between both areas is a successful path towards being able to provide high-quality care to high standards.

With our digital innovations both in administration and with doctors and nurses, we are focusing on what can be done here and now and will turn our attention to a greater extent to quickly rolling out all innovations to our sites. Telemedicine, which we see as an ideal fit for our campus strategy as the prohibition on tele-treatment is gradually phased out, but also as a new business field in its own right, underscores our determination and ability to develop and implement new concepts for patient care.

Needless to say, we are continually reviewing where we can take advantage of further opportunities in our existing business or develop new business models.

RHÖN-KLINIKUM Campus Bad Neustadt – prototype for care model of future

We identified very early the trend towards greater outpatient care resulting from advances in medical technology and new treatment methods. With our cross-sector campus strategy, we are playing a leading role in the hospital environment – digital before outpatient/before inpatient/before rehab: that is what we regard as the strategically imperative disposition.

With our flagship project Campus Bad Neustadt launched at the turn of 2018/2019, we became the first Company in Germany to succeed in establishing a new treatment approach for patients above all in rural areas – all within the intended time and cost framework. The move of the clinics into the Centre of Clinical Medicine (ZkM), which in addition to basic medical care also covers very complex and difficult medical cases from the field of cardiology, neurology and specialist orthopaedic surgery, has now been completed. The previous four emergency wards were centralised in order to optimise patient management.

Business is running at full capacity. The new campus is being very well received by both patients and referrers alike. Following completion of the 1st construction phase, we are already working on measures to ensure its successful further development. The plans are for an extension of the Centre of Outpatient Medicine including an outpatient OR centre, and the refurbishment of the rehabilitation facility. The basis for the success is a comprehensive interdisciplinary cooperation

of our facilities with community-based practitioners, emergency services and health-care providers from the region. This is to be achieved on the basis of state-of-the-art IT and intelligent digital tools, such as electronic patient files – our doctors portal.

At our Frankfurt (Oder) site in Brandenburg, a second health campus in addition to Bad Neustadt is being created with five intermediate care centres. We are convinced – particularly given the forays of the legislator requiring hospitals in future to achieve certain case numbers for certain operations in order to qualify for cost reimbursement – that there will be a correction in the oversupply on the German hospital market and that in future more regions will want to benefit from our know-how. As a major healthcare provider with an intermediate care focus and the expertise of two university hospitals, we offer the highest level of medical quality for treating complex medical cases.

Revenues and EBITDA up in the first quarter

RHÖN-KLINIKUM AG started into the current financial year with an increase in revenues and earnings. Compared with the same period last year, revenues improved from € 311.7 million by roughly 4% to reach € 324.2 million. We succeeded in further raising profitability in the first quarter compared with the same period last year: earnings before interest, tax and depreciation/amortisation (EBITDA) increased by 4.0% to reach € 28.7 million (after € 27.6 million). As a result of expenditures in connection with the digital transformation of our Company, commissioning of the Campus Bad Neustadt (e.g. the move of the four previously independent clinics into the campus building and the new processes resulting from this), as well as higher depreciation, consolidated profit declined from € 10.4 million in the same period of the previous year to € 8.9 million in the first quarter of 2019.

At our five hospital sites RHÖN-Campus Bad Neustadt, the two university hospitals Giessen and Marburg (UKGM), Zentralklinik Bad Berka

and Klinikum Frankfurt (Oder) a total of 218,924 patients were treated in the first quarter. This translates into growth of 1.1% compared with the same period last year.

In future also, we want to be among the most innovative healthcare providers in Germany. Our hospitals enjoy an excellent reputation – that makes us very proud. At the same time, we see the trust patients place in us as an incentive to use our economic strength to continue investing at our sites.

Equity investment in Tiplu a milestone in the implementation of digitalisation strategy

We have taken another important step forward in implementing our digitalisation strategy in the first quarter with our strategic interest in the software specialist Tiplu from Hamburg. Combining the expertise of our Group hospitals in invoicing services with the innovative and market leading technology and code of Tiplu will enable performance of the software to be increased as well as further application fields in hospitals to be explored.

As the leader in digitalisation in the hospital sector, RHÖN-KLINIKUM AG employs numerous digital applications aimed at making patient care more comfortable and better, supporting doctors and nurses in their work, optimising the documentation of our services and creating greater efficiency in our administrative processes and structures. In the first quarter, we forged ahead with the digital transformation of the Company over all sites so as to facilitate networking within our hospital group and with community-based practitioners, other hospitals, and regional healthcare providers.

On the launch of the Campus, we introduced the Medical Cockpit, a semantic search engine based on the methods of natural language processing that is to be gradually introduced at selected sites. With the Cockpit our doctors are able in just seconds to gain an overview of the relevant information from a patient's history, i.e. from doctor's letters, X-ray findings or OR reports. Community-based

practitioners are provided a quick overview as well as convenient access to the records of their common patients. We have integrated the doctors portal into our Medical Cockpit. Likewise, we have put into service at the Campus the new Central Patients Admission Department (CPA). This makes it possible already at the beginning of treatment for records brought along to be digitally recorded so that they are already available when the patient arrives at the ward.

Other applications we want to implement gradually at our hospital sites are our online appointment management system as well as digital anamnesis. We are making the day-to-day work of our nursing staff easier through a system of digital nurse calls by smartphone or tablet that is being tested in Giessen.

Growth market telemedicine – preparations for new company in full swing

In January we announced the establishment of a joint company with the Swiss telemedicine pioneer Medgate. With a stake of 51%, RHÖN-KLINIKUM AG will hold the majority interest. That makes our Company the first hospital group to enter this promising future market in Germany.

The relaxing of the tele-treatment prohibition in Germany opens up new market opportunities for our Company. With Medgate we are looking to gain market leadership in the field of telemedicine in Germany. Telemedicine offers the tremendous opportunity of designing patient navigation in an efficient and new way. That is good for patients, good for the health insurance funds and good for us as a hospital provider: a more intelligent distribution of patients adapted to a patient's actual degree of illness is beneficial to all, and efficiency is the only way out of the imminent funding gaps faced by public welfare systems.

We offer patients convenient, efficient and quick healthcare delivery regardless of where they may be located, and based on experience from abroad expect that roughly 30% of outpatient cases in the area of general medical

care can be handled digitally through telemedicine in accordance with patients' needs. Preparations for the new company are now in full swing. Telemedicine is key in supplementing our existing offering.

Already today we offer telemedical services at all our hospital sites. That includes conferences with doctors and patients by way of tele-consultation, tele-monitoring of patients, tele-radiology networks, also including our Stroke and Cardio Angel systems for telemedical care of stroke and heart attack patients. Our direct and fast communicative link of the emergency vehicles with the first responders of the hospital serves as a model for the whole of Germany.

Increase in dividend planned

As in previous years, we succeeded in raising EBITDA and consolidated profit significantly in 2018 as well. We would like to give our shareholders a share in this positive performance. At our Annual General Meeting to be held on 5 June 2019 in Bad Neustadt a. d. Saale, the Board of Management and the Supervisory Board propose a dividend from net distributable profit of € 0.29 per eligible ordinary non-par share. This translates into an increase of 32% year-on-year. The dividend proposal is € 0.02 and thus more than 7% above the market expectation or consensus figures of our equity analysts. Based on the current number of shares in circulation in the amount of € 66.94 million, the dividend total is around € 19.4 million.

Outlook reaffirmed

We confirm our outlook for the current financial year 2019: we expect revenues of € 1.30 billion within a range of plus or minus 5%. For earnings before interest, tax and depreciation/amortisation (EBITDA), we expect the level to remain unchanged at between € 117.5 million and € 127.5 million. This forecast reflects the (compared with 2018 once again heightened) regulatory measures taken by the legislature, such as lower remuneration for services entailing high material cost

intensity, particularly in the field of cardiology, or the fixed cost degression discount on surplus services, expenditures in the area of telemedicine and digitalisation as well as effects from the commissioning at the turn of 2018/2019 of the new construction project Campus Bad Neustadt. EBITDA is influenced among other things by the delayed effects from the Helios transaction in the low double-digit € million range. The outlook is subject to any regulatory measures impacting our remuneration structure in 2019.

In 2019 we will vigorously pursue the difficult but feasible task of restructuring the health-care system. That is because traditional sectoral remuneration systems no longer reflect

reality when it comes to cross-sector and thus comprehensive healthcare delivery in the interests of patients.

As shareholders, you can participate in this exciting development. I am happy that you continue to accompany us on our journey and to put your trust in us.

Yours sincerely,

RHÖN-KLINIKUM Aktiengesellschaft

Stephan Holzinger
Chairman of the Board of Management

THE RHÖN-KLINIKUM SHARE

In the first quarter of 2019, developments on the international stock markets were helped by the expansionary monetary policy of the central banks and signals that the moderate monetary policy stance would continue for some time to come.

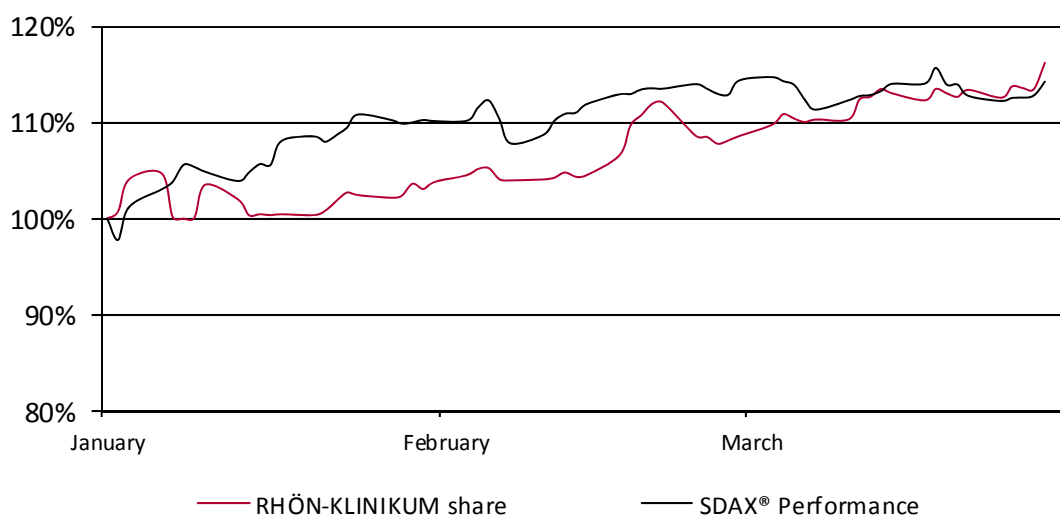
The European Central Bank (ECB) left its key rate unchanged at zero per cent and at its meeting on 7 March 2019 announced that key rates would now also remain at their current low levels after the end of 2019. Furthermore, it wants to provide banks from the eurozone with new, longer-term refinancing transactions. The US Federal Reserve (Fed) left its key rate unchanged within the range of 2.25% to 2.50% and made an about-turn in monetary policy. The gradual lifting of key rates is to be suspended and the reduction in the bond portfolio introduced in the autumn of 2017 is to be largely suspended by the end of September 2019.

The global equity markets witnessed a significant recovery in the first quarter of 2019. Global uncertainties (Brexit, trade dispute, economic worries) hardly had any impact.

At the end of the first quarter, the economic mood brightened again. In Germany, the ifo business climate index rose in March 2019, after witnessing six consecutive declines, from 98.7 to 99.6 points.

On the back of these developments, the German lead index DAX® improved over the first three months by 9.2%, ending the first quarter of 2019 at 11,526 points. By contrast, the second-tier index SDAX® gained by 15%. The DJ EURO STOXX 50® and DJ EURO STOXX Healthcare® rose by 12% and 4%, respectively.

RHÖN-KLINIKUM share in comparison with the SDAX®



Source: XETRA®, stock performance indexed (2 January 2019 = 100)

RHÖN-KLINIKUM share		
ISIN	DE0007042301	
Ticker symbol	RHK	
Registered share capital (€)	167,406,175	
Number of shares	66,962,470	
Share prices (€)	1 Jan.-31 Mar. 2019	1 Jan.-31 Dec. 2018
Closing price	25.68	22.06
High	25.68	31.70
Low	22.10	21.18
	31 Mar. 2019	31 Dec. 2018
Market capitalisation (€ m)	1,719.60	1,477.19

The share of RHÖN-KLINIKUM AG ended the first quarter of 2019 at a closing price of € 25.68 (28 December 2018: € 22.06) and improved over the first quarter by 16.4%. During the first quarter, the share thus outperformed the German and European market indices. Share price performance was positively influenced by the high demand for stocks with a digitalisation story as well as for defensive dividend stocks characterised by strong earnings. At the beginning of 2019, RHÖN-KLINIKUM AG stepped up its digitalisation strategy and announced important strategic moves (Medgate, Tiplu GmbH). Following the significant increase in earnings in financial year 2018, the Board of Management and the Supervisory Board on 29 March 2019 proposed a dividend increase by roughly 32% to € 0.29 per ordinary non-par share with dividend entitlement. The dividend of € 0.29 was above the market expectation (consensus) and thus helped lift the share price further after it was published. The share price performance was also supported by the

further increase in the interest held by the strategic investor B. Braun Melsungen AG from 25.00% to 25.23%.

At the end of the first quarter of 2019 our market capitalisation, including all issued 66.96 million non-par shares, stood at € 1.7 billion (28 December 2018: € 1.5 billion). In terms of the index ranking, we ranked 153rd by the higher market capitalisation (28 December 2018: 156th).

Our next Annual General Meeting will take place on 5 June 2019 at the Stadthalle Bad Neustadt a.d. Saale (doors open from 9.00 a.m.). On 1 August 2019 we will publish the Half-Year Financial Report as at 30 June 2019. Our next investor call will be on 8 November 2019 with publication of our 9M figures.

A financial calendar is provided at the end of this Report as well as on our website at www.rhoen-klinikum-ag.com under the section "Investor Relations".

GROUP INTERIM REPORT OF THE MANAGEMENT

REPORT ON THE FIRST QUARTER OF FINANCIAL YEAR 2019

- In the first quarter of 2019 we treated 218,924 patients in our hospitals and medical care centres, generating revenues of € 324.2 million, EBITDA of € 28.7 million as well as a resulting consolidated profit of € 8.9 million.
- With the acquisition of the majority interest in the Marburg Ion Beam Therapy Center from Heidelberger Universitätsklinikum, the pathway was provided for the successful relaunch of MIT GmbH. The company will be fully consolidated in the consolidated financial statements as of 1 January 2019.
- At the beginning of January 2019 we informed of the establishment of a joint company with the Swiss telemedicine provider Medgate. With the related entry into the future market of telemedicine, RHÖN-KLINIKUM AG is tapping into the promising potential of this new growth market and helping to close the growing gaps in healthcare delivery, especially in rural areas.
- With the acquisition of a minority interest in the coding specialist Tiplu GmbH in a strategic partnership in the first quarter of 2019, the consistent implementation of the digitalisation strategy continues. Direct access to the coding software Momo, which operates with artificial intelligence, will further promote the optimisation of the DRG coding process, resulting in performance-based invoicing of services and thus in revenues being secured.

BASIC PRINCIPLES OF THE RHÖN-KLINIKUM GROUP

The condensed interim consolidated financial statements of RHÖN-KLINIKUM AG for the year ended 31 March 2019 have been prepared in accordance with the provisions of IAS 34 in condensed form, and applying section 315e of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are the subject of mandatory adoption in accordance with the Regulation No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union in financial year 2019.

The accounting policies applied, to the extent already applied in financial year 2018 and consistently applied in financial year 2019, are set out in detail in the Consolidated Financial Statement of RHÖN-KLINIKUM AG as at 31 December 2018. The accounting policies applicable for the first time in financial year 2019 are explained in the Condensed Notes to this Interim Report. On a current view, these will have the effects as stated in the Condensed Notes on the net assets, financial position and results of operations of the Group of RHÖN-KLINIKUM AG.

In accordance with IAS 33, earnings per share were determined according to the weighted average number of ordinary shares outstanding on a pro rata temporis basis.

If data are provided below on individual companies, these are values before consolidation. For computational reasons,

rounding differences of \pm one unit (€, %, etc.) may occur in the tables.

CORPORATE GOVERNANCE

The composition of our Board of Management and Supervisory Board has remained unchanged since the 2018 Annual Report.

The notifications pursuant to section 33 et seq. of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) received in the first three months of financial year 2019 are presented in the Notes to this Financial Report. We refer to our website for a detailed list of the notifications.

During the reporting period, RHÖN-KLINIKUM AG received no notifications pursuant to section 38 WpHG and no notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014.

The Declaration on Corporate Governance, the Declaration of Compliance pursuant to section 161 of the Companies Act (Aktiengesetz, AktG) and the Corporate Governance Report jointly issued by the Board of Management and the Supervisory Board were updated in the first quarter of 2019 and published on our website. All other elements of our corporate constitution have remained unchanged during the financial year to date. In this regard we refer to our explanations provided in the Management Report of the Consolidated Financial Statements of financial year 2018.

ECONOMIC REPORT

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

The picture of the German economy that emerged in the first quarter of 2019 is mixed. The moderate growth is basically attributable to the domestically oriented service sector

and the construction industry. Whereas the construction industry was helped by favourable weather conditions, industrial production is witnessing slight declines due to sharp drops in order intake in the manufacturing industry. Rising incomes helped by fiscal policy are giving rise to higher consumer demand of private households. The global economy is in a phase of weakness brought on by the impending Brexit and various trade disputes.

On a seasonally adjusted basis, the ifo business climate index rose in March 2019 to 99.6 points. In February 2019 it stood at 98.7 points. The current index has brightened slightly and is the first rise after six declines in a row.

For the current year 2019, Germany's five-strong Wise Men panel put economic growth at 0.8%. According to them, this was partly attributable to the slowdown in the Germany economy and weak demand for exports from major sales markets. According to the experts, however, a recession is unlikely given the robust domestic economy. The German government expects an increase of 0.5%.

Regardless of the overall economic slowdown, the trend on the labour market continues to be positive. The main reason for this is the good state of the German economy seen in recent years. Despite the current economic deterioration, employment is at a historically high level. The jobs index of the German Federal Employment Agency (BA-X), which shows the seasonal trend in labour demand, stood at 255 points in March 2019, as in the two months before that. The previous year's level is exceeded by 4 points. Labour demand in Germany is continuing unbroken at its high level. Following the pick-up in activity with the onset of spring, unemployment declined in the period from February to March by 72 thousand or 3% to 2,301 thousand persons. The jobless rate as calculated by the German Federal Employment Agency for March 2019 is around 5.1%. This is a decline of 0.4 percentage points compared with March 2018. The seasonally adjusted jobless rate

declined compared with the previous month by 0.1 percentage points to 4.9%.

In March 2019, consumer prices as calculated by the Federal Statistical Office were 1.3% higher than in March 2018. Compared with the previous month of February 2019, the consumer price index rose in March 2019 by 0.4%.

The healthcare industry continues to be hampered by the regulatory measures following the Act Reforming the Structures of Hospital Care (Krankenhausstrukturgesetz, KHSKG) such as the further reduction in remuneration for material cost-intensive services, in particular for cardiological and specialist orthopaedic patients, as well as the fixed cost degression discount applicable since the previous year that replaced the discount on surplus service volumes.

Demographic change is presenting big challenges for hospitals. The number of patients and persons needing nursing care as well as demand for medical services will rise further in the coming years, but in contrast remuneration will not be adequately adjusted. Furthermore, the shortage in skilled personnel will be exacerbated and it will become more difficult to cover the related staffing requirements. Labour-saving technical innovations – innovations from the areas of digitalisation, telemedicine, artificial intelligence, robotic assistance – are becoming increasingly important. The financial situation of hospitals in Germany continues to be difficult.

BUSINESS PERFORMANCE OF THE FIRST THREE MONTHS

Overall statement on economic position

January to March	2019	2018	Change	
	€ m	€ m	€ m	%
Revenues	324.2	311.7	12.5	4.0
EBITDA	28.7	27.6	1.1	4.0
EBIT	11.1	12.5	-1.4	-11.2
EBT	10.7	12.4	-1.7	-13.7
Consolidated profit	8.9	10.4	-1.5	-14.4

Compared with the same period last year, we recorded a rise in EBITDA by € 1.1 million or 4.0% to € 28.7 million in the first three months of financial year 2019. As a result, among other things, of the Campus Bad Neustadt being put into service at the turn of the year 2018/2019 and the related higher depreciation, EBIT declined in the first quarter of 2019 by € 1.4 million or 11.2% to € 11.1 million. At € 8.9 million, consolidated profit was down € 1.5 million or 14.4%.

Increasing regulation, the gradual digital transformation and the shortage of skilled personnel is confronting the entire industry with new challenges.

For example, the regulatory measures following the Act Reforming the Structures of Hospital Care (Krankenhausstrukturgesetz, KHSKG) such as the reduction in remuneration for material cost-intensive services, in particular for cardiological and specialist orthopaedic services, as well as the fixed cost degression discount applicable since 1 January 2017, continue to put a drag on our organic development. The increasing inspection rate and more restrictive inspection practice of the Medical Review Board of the Statutory Health Insurance Funds (MDK) continues to weigh down the result.

As the leader in digitalisation in the hospital sector, RHÖN-KLINIKUM AG employs numerous digital applications aimed at making patient care more comfortable and better, supporting doctors and nurses in their work, optimising the documentation of our services and creating greater efficiency in our administrative processes and structures. In the first quarter, further progress was made in forging ahead with the digital transformation of the Company over all sites so as to facilitate networking within our hospital group and with community-based practitioners, other hospitals, and regional healthcare providers. With the acquisition of a strategic minority stake in the software specialist Tiplu and the pooling of the expertise of our Group hospitals in invoicing services with the innovative and market leading

technology and code of Tiplu, the optimisation of the DRG coding process will be further enhanced and will result in a performance-based invoicing of services and thus in revenues being secured.

On launch of the Campus Bad Neustadt, we introduced the Medical Cockpit, a semantic search engine based on the methods of natural language processing that will gradually be adopted for routine use at all sites. With the Medical Cockpit our doctors are able in just seconds to gain an overview of the relevant information from a patient's history, i.e. from doctor's letters, X-ray findings or OR reports. Through the doctors portal we have integrated into the Medical Cockpit, community-based practitioners are provided with a look at the records of their common patients. At the heart of our digitalisation is the Central Patients' Admissions Department (CPA) which is based on machine reading and in which all patient records brought in are scanned and automatically transferred to the doctors portal.

The relaxing of the tele-treatment prohibition in Germany opens up new market opportunities for our Company. With the Swiss telemedicine pioneer Medgate with which we announced the establishment of a joint company in January, we are striving to become the market leader in Germany in the field of telemedicine. Telemedicine offers the tremendous opportunity of designing patient navigation in an efficient and new way. A more intelligent distribution of patients adapted to a patient's actual degree of illness holds benefits for everyone. Efficiency is the only way out of the looming funding gaps faced by public welfare systems.

In the fourth quarter of 2018, agreement was reached with Universitätsklinikum Heidelberg, which until then had held 75.1% in the Marburg Ion Beam Therapy Center (MIT), on the takeover of these corporate interests as at 1 January 2019 by RHÖN-KLINIKUM AG. We thus prepared a pathway to successfully re-launch the company under our management.

MIT offers a highly effective way of treating tumour disease with pinpoint precision in the brain, head area, liver, pancreas, prostate or lungs whilst minimising the impact on radiation-sensitive organs and structures close to the diseased tissue.

Besides the regulatory challenges in the healthcare system, we are also feeling the increasing effects from the shortage of specialist staff to which we have responded and will continue to respond with numerous measures. We offer modern remuneration structures, an attractive work environment, inhouse kindergartens at the hospitals, provision of affordable apartments, etc. in addition to a wide range of career options and benefits.

The improvement of profitability continues to be given high priority in our action plan. For example, we have optimised internal processes in our cooperation with the MDK with a view to reducing losses of receivables. In addition, processes relating to patient documentation have been made more efficient.

Trend in service volumes

	Hospitals	Beds
As at 31 December 2018	11	5,369
Amalgamation of subsidiaries	-3	-57
Change in capacities	-	-
As at 31 March 2019	8	5,312

With the legal amalgamation of Herz- und Gefäß-Klinik GmbH Bad Neustadt and Neurologische Klinik GmbH Bad Neustadt/Saale as at 1 January 2018 as well as the implementation of the RHÖN Campus approach, the number of hospitals, based on hospital requirement planning as at 1 January 2019, decreased from eleven hospitals to eight hospitals and the number of beds/places from 5,369 beds/places to 5,312 beds/places.

As at 31 March 2019, our consolidated financial statements included eight hospitals with 5,312 beds/places at a total of five sites in four federal states. In the first quarter of 2019,

there were no further changes in the number of approved beds as part of our acute-inpatient capacities.

As at 31 March 2019, we operate seven medical care centres with a total of 45.00 specialist practices:

	Medical care	Specialist practices
As at 31 December 2018	7	42.00
Opened/acquired		
MVZ Bad Neustadt a. d. Saale	-	3.00
As at 31 March 2019	7	45.00

Patient numbers at our hospitals and medical care centres developed as follows:

January to March	2019	2018	Change absolute	Change %
Inpatient and semi-inpatient treatments,				
acute hospitals	53,514	54,627	-1,113	-2.0
rehabilitation hospitals and other facilities	1,169	1,208	-39	-3.2
	54,683	55,835	-1,152	-2.1
Outpatient attendances at our				
acute hospitals	117,571	115,488	2,083	1.8
medical care centres	46,670	45,279	1,391	3.1
	164,241	160,767	3,474	2.2
Total	218,924	216,602	2,322	1.1

In the first three months of financial year 2019, we treated a total of 218,924 patients (+ 2,322 patients or + 1.1%) in our hospitals and medical care centres. Whereas the number of patients treated on an outpatient basis rose by 3,474 or 2.2%, case numbers of patients treated on an inpatient and semi-inpatient basis declined by -1,152 or -2.1%. The trend towards outpatient care is further continuing in the entire German hospital sector as also in our facilities.

Per-case revenues in the inpatient and outpatient area were as follows:

January to March	2019	2018
Per-case revenue		
inpatient (€)	5,286	5,108
outpatient (€)	165	164

Compared with the first three months of financial year 2018, per-case revenue rose by 3.5% in the inpatient area and by 0.6% in the outpatient area.

Results of operations

Consolidated performance figures developed as shown below:

January to March	2019 € m	2018 € m	Change € m %	
Revenues				
Revenues	324.2	311.7	12.5	4.0
Other income	43.9	37.0	6.9	18.6
Total	368.1	348.7	19.4	5.6
Expenses				
Materials and consumables used	96.0	92.8	3.2	3.4
Employee benefits expense	213.6	199.7	13.9	7.0
Other expenses	29.7	28.2	1.5	5.3
Result of impairment on financial assets	0.1	0.4	-0.3	-75.0
Total	339.4	321.1	18.3	5.7
EBITDA	28.7	27.6	1.1	4.0
Depreciation/amortisation and impairment	17.6	15.1	2.5	16.6
EBIT	11.1	12.5	-1.4	-11.2
Finance result (net)	0.4	0.1	0.3	N.A.
EBT	10.7	12.4	-1.7	-13.7
Income taxes	1.8	2.0	-0.2	-10.0
Consolidated profit	8.9	10.4	-1.5	-14.4

Compared with the same period of the previous year, we recorded a rise in EBITDA by € 1.1 million or 4.0% to € 28.7 million in the first three months of financial year 2019. As a result of the Campus Bad Neustadt being put into service at the turn of the year 2018/2019 and the related higher depreciation, EBIT declined in the first quarter of 2019 by € 1.4 million or 11.2% to € 11.1 million and consolidated profit by € 1.5 million or 14.4% to € 8.9 million.

Compared with the same period last year, revenues witnessed a rise of € 12.5 million or 4.0%. As in the same period of the previous year, revenue figures include income from the invoicing of an additional remuneration component for the medicamentous treatment of SMA (spinal muscle atrophy), which is remunerated in addition to the relevant DRG and negatively impacts the item materials and consumables used by the same amount. Moreover, revenues include the current negotiation outcome relating to university outpatient units.

The rise in other income by € 6.9 million or 18.6% to € 43.9 million is essentially attributable to increased sales of pharmaceuticals (including income from the invoicing of a drug

for treating multiple sclerosis that negatively impacts materials and consumables used by the same amount) and cytostatics as well as personnel costs for students of specialist healthcare professions refinanced for the first time.

January to March	2019 %	2018 %
Materials ratio	29.6	29.8
Personnel ratio	65.9	64.1
Other cost ratio	9.1	9.0
Depreciation and amortisation ratio	5.5	4.9
Finance result ratio	0.1	0.0
Effective tax ratio	0.5	0.7

Compared with the same period last year, materials and consumables used witnessed a rise in the first three months of 2019, underproportionate to the rise in revenues, by € 3.2 million or 3.4%. The materials ratio declined from 29.8% to 29.6%. The rise in materials and consumables used includes expenditures for the medicamentous treatment of SMA (spinal muscle atrophy) as well as multiple sclerosis, which are remunerated in the same amount and reported under revenues or other income. Adjusted for this effect, the materials ratio improved from 27.9% to 27.7%. As a result of application of the new standard IFRS 16 “Leases” for the first time as of financial year 2019, expenses previously recorded under materials and consumables used amounting to € 0.2 million are no longer reported under materials and consumables used. The rights of use in the lease properties are amortised over the term of the respective lease contract and recognised at € 0.2 million under depreciation/amortisation/impairments.

Employee benefits expenses saw a rise of € 13.9 million or 7.0% compared with the same period last year. In addition to a rise in the number of employees, general wage increases had an impact. Moreover, expenses for students of the specialist healthcare professions were included in the first quarter of 2019 for the first time, which compared with reimbursement payments in the same amount in the Other income item. The

personnel expense ratio rose from 64.1% to 65.9%.

The other expenses item increased by € 1.5 million or 5.3% as a result, among others things, of the first-time consolidation of the Marburg Ion Beam Therapy Center from 1 January 2019. The other expenditure ratio rose slightly from 9.0% to 9.1%. As a result of the initial adoption of IFRS 16 “Leases” as of financial year 2019, expenses of the first quarter of 2019 amounting to € 0.3 million previously recorded under the other expenses item are no longer reported under other expenses. The rights of use in the lease properties are amortised over the term of the respective lease contract and recognised at € 0.3 million under depreciation/amortisation/impairments.

The negative result from the impairment on financial assets in the amount of € 0.1 million (previous year: € 0.4 million) results from adoption of IFRS 9, which among other things governs the future expected losses of financial assets.

The depreciation and impairment item rose compared with the same period of the previous year by € 2.5 million or 16.6% to € 17.6 million. This is attributable among other things to the Campus Bad Neustadt being put into service at the turn of the year 2018/2019. The depreciation/amortisation ratio rose from 4.9% to 5.5%. The initial adoption of IFRS 16 “Leases” as of financial year 2019 results in a total increase of € 0.5 million.

In the first three months of financial year 2019, the negative finance result deteriorated by € 0.3 million to € -0.4 million. This is attributable to € 0.5 million higher finance expenses compared with the same period last year resulting, among other things, from interest recognised for the first time for the promissory note issued in October 2018, which compares with a decline in impairments on financial assets to the tune of € 0.2 million

resulting from the mandatory adoption of IFRS 9 as of 1 January 2018.

At an unchanged rate of taxation, the income tax expense item declined by € 0.2 million or 10.0% to € 1.8 million (previous year: € 2.0 million), which is the result of the declining tax assessment basis compared with same period of the previous year.

Compared with the first three months of financial year 2018, consolidated profit declined by € 1.5 million or 14.4% to € 8.9 million (previous year: € 10.4 million).

Non-controlling interests in profit increased compared with the same period last year by € 0.2 million or 50.0% to € 0.6 million (previous year: € 0.4 million).

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first three months of 2019 declined by € 1.7 million or 17.0% to € 8.3 million compared with the same period last year (previous year: € 10.0 million). The interest in profit of the shareholders corresponds to earnings per share of € 0.12 (previous year: € 0.15) in accordance with IAS 33 (undiluted/diluted).

The total result (sum of consolidated profit and other earnings) stood at € 9.0 million (previous year: € 11.3 million) in the three months of financial year 2019.

Net assets and financial position

	31 Mar. 2019		31 Dec. 2018	
	€ m	%	€ m	%
ASSETS				
Non-current assets	1,063.9	66.3	1,039.6	65.4
Current assets	540.2	33.7	549.7	34.6
	1,604.1	100.0	1,589.3	100.0
EQUITY AND LIABILITIES				
Equity	1,168.2	72.8	1,159.2	72.9
Long-term loan capital	128.1	8.0	116.9	7.4
Short-term loan capital	307.8	19.2	313.2	19.7
	1,604.1	100.0	1,589.3	100.0

Compared with the balance sheet date of 31 December 2018, the balance sheet total rose by € 14.8 million or 0.9% to € 1,604.1 million (31 December 2018: € 1,589.3 million).

The rise is essentially the result of the initial mandatory adoption of the Standard IFRS 16 as of financial year 2019 under which leases and the rights and obligations associated with them are to be reported in the balance sheet. Compared with 31 December 2018, rights of use from leases amounting to € 8.2 million were recorded for the first time on the assets side of the balance sheet within non-current assets. These compared with lease liabilities in the amount of € 6.1 million carried for the first time on the liabilities side within long-term loan capital and lease liabilities in the amount of € 2.1 million carried for the first time on the liabilities side within short-term loan capital.

The equity capital ratio saw a decline compared with the last reporting date, from 72.9% to 72.8%, but remains at a very high level.

The following table shows the change in equity as at the last reporting date:

Equity	2019			2018
	Shareholders € m	Non-controlling interests € m	Total € m	Total € m
As at 1 January before adjustments	1,135.3	23.9	1,159.2	1,125.3
Adjustments through adoption of IFRS 9 (after tax)	-	-	-	-1.2
As at 1 January after adjustments	1,135.3	23.9	1,159.2	1,124.1
Equity transactions with owners	-	-	-	-
Total comprehensive income of the period	8.4	0.6	9.0	11.3
Other changes	-	-	-	-
As at 31 March	1,143.7	24.5	1,168.2	1,135.4

As at 31 March 2019, equity stands at € 1,168.2 million (31 December 2018: € 1,159.2 million). The increase in equity capital compared with the reporting date of 31 December 2018 by € 9.0 million results from consolidated profit for the first three months of 2019 (€ 8.9 million) and gains from the change in the fair value through other comprehensive income (FVOCI) (€ 0.1 million), on the one hand, and losses from the revaluation of defined benefit pension plans, on the other.

121.8% (31 December 2018: 122.7%) of non-current assets is nominally covered by equity and non-current liabilities at matching maturities. As at 31 March 2019, we report net liquidity of € 75.0 million (31 December

2018: € 141.2 million). Our net liquidity is calculated as follows:

	31 Mar. 2019	31 Dec. 2018
	€ m	€ m
Current cash	74.3	132.3
Current fixed term deposits	114.5	114.4
Non-current fixed term deposits	0.0	0.0
Cash, fixed term deposits	188.8	246.7
Current financial liabilities	0.7	0.3
Non-current financial liabilities	99.5	99.5
Liabilities under leases	13.6	5.7
Financial liabilities	113.8	105.5
Net liquidity	75.0	141.2

Liabilities under leases as at 31 March 2019 for the first time include obligations resulting from the initial mandatory adoption of the Standard IFRS 16 as of financial year 2019 in the amount of € 8.2 million.

The origin and appropriation of our liquidity are shown in the following overview:

January to March	2019	2018
	€ m	€ m
Cash used in operating activities	-16.3	-12.3
Cash used in investing activities	-40.9	-5.7
Cash used in financing activities	-0.8	-0.2
Change in cash and cash equivalents	-58.0	-18.2
Cash and cash equivalents at 1 January	132.3	122.5
Cash and cash equivalents at 31 March	74.3	104.3

Cash and cash equivalents diminished in the first three months of 2019 by € 58.0 million (first three months of 2018 decrease by € 18.2 million).

The change compared with the period of the previous year in the amount of € -39.8 million is essentially attributable to the difference in cash used in investing activities resulting from the change in fixed deposit investments (€ -20.0 million) as well as the change in investments in property, plant and equipment as well as intangible assets (€ -14.0 million).

Investments

Aggregate investments of € 42.4 million (previous year: € 28.4 million) in the first three

months of financial year 2019 are shown in the following table:

	Use of		
	Gov't grants	Own funds	Total
	€ m	€ m	€ m
Current investments	1.8	33.5	35.3
Takeovers	-	7.1	7.1
Total	1.8	40.6	42.4

Of these investments made in the first three months of 2019, € 1.8 million (previous year: € 1.3 million) was attributable to investments funded from grants under hospital financing legislation and deducted from total investments pursuant to the relevant provisions of IFRS.

Investment for takeovers was attributable to the acquisition of the majority interest in the Marburg Ion Beam Therapy Center from Heidelberger Universitätsklinikum (€ 6.8 million) and from the acquisition of physician's practices at the Bad Neustadt a. d. Saale site (€ 0.3 million).

An analysis of our investments financed from Company funds by site is given below:

	€ m
Bad Neustadt a. d. Saale	18.4
Gießen, Marburg	16.1
Frankfurt (Oder)	3.1
Bad Berka	3.0
Total	40.6

The agreement with the Federal State of Hesse in connection with the financing of the services to be rendered for research and teaching at the Group's university hospitals provides for investment commitments in the amount of € 100.0 million until 2021. As at the balance sheet date of 31 March 2019, there were still investment obligations remaining from this totalling € 33.7 million. There are also further obligations relating to building modernisation and extension measures at the Giessen and Marburg sites.

As at the balance sheet date, we do not have any investment obligations under company acquisition agreements entered into.

Employees

Employees	31 Mar. 2019	31 Dec. 2018	Change	
			absolute	%
Hospitals	15,202	15,165	37	0.2
Medical care centres	263	244	19	7.8
Service companies	1,624	1,576	48	3.0
Total	17,089	16,985	104	0.6

On 31 March 2019, the Group employed 17,089 persons (31 December 2018: 16,985).

In addition, a training remuneration payment is made for 420 students of the specialist healthcare professions at the University Hospital of Giessen and Marburg based on an agreement reach with the trade union ver.di in 2019.

RISKS AND OPPORTUNITIES

The risk management system in place as well as the individual Company risks and opportunities are described in the Annual Report 2018 on pages 111 to 116. The statements there essentially continue to apply unchanged. We do not see any risks posing a threat to the Company's existence, neither for the individual subsidiaries nor for the Group.

FORECAST

RHÖN-KLINIKUM AG pursues the objective of continuing to take new paths and to uphold the standard of offering patients the best medical care, diagnosing and treating patients with the latest, scientifically sound therapy procedures with state-of-the-art medical technology. At the same our employees provide them with the best possible nursing and care. Our corporate activities are essentially aimed at keeping the Company lean and agile, promoting exchange of knowledge and experience and offering market-oriented services at a high quality level.

Also in future, our aim is to continue to be one of the largest hospital operators in Germany. At the forefront of our activities is strengthening treatment excellence and

patient care by implementing the campus approach and focusing on digitalisation and network medicine.

With our RHÖN Campus approach, the digital transformation of our Company and telemedicine, we believe that we have the right strategy to continue enjoying a leading position on a healthcare market characterised by regulatory intervention. In this context, the RHÖN Campus approach is pursuing a new, highly efficient and modern form of healthcare delivery particularly in rural regions. We consistently seek a cross-sector networking with doctors as well as healthcare service providers in the respective region. Outpatient and inpatient offerings are being closely integrated with numerous medical services and care offerings which up to now had been separated both spatially and in terms of personnel. Here, care, diagnostics, treatment, rehabilitation and nursing work hand in hand. The RHÖN Campus approach represents a viable solution model for the healthcare delivery of the future. Given the inevitable shake-up of oversupply within the German hospital sector, we are convinced that in future other regions will be able to benefit from our know-how.

A key focus for implementing our RHÖN Campus strategy is the use of digital tools and state-of-the-art IT. On the basis of stable IT, we use numerous clinical information systems and round these off with various digital innovations, such as the "Medical Cockpit", the "Doctors Portal" and many other tools whose aim it to simplify the work of our doctors and nurses and to make the care to patients even safer and better.

One of the landmark digital projects is the Medical Cockpit – a search engine that helps to find relevant information found in doctor's letters, X-ray findings and OR reports within the shortest possible time. With the launch of the Campus at the end of financial year 2018, the Medical Cockpit was implemented gradually at the RHÖN-KLINIKUM Campus Bad Neustadt in regular clinical operations in

active dialogue with the clinical users. The Medical Cockpit was likewise integrated into our newly designed doctors portal, the doctor-managed electronic patient file, and is thus also available to community-based doctors.

A further application among the many projects is the planned introduction of digital anamnesis and questionnaires. By recording patient questionnaires on a tablet, we enable the consistent gathering of treatment-relevant information. Telemedicine, too, will become increasingly important with us, not least on account of the gradual relaxing of the ban on tele-treatments. RHÖN-KLINIKUM AG has the courage to seize the opportunities of digital transformation in the healthcare system to achieve its corporate goals as well as develop new business models outside its current core area.

Also in financial year 2019, the economic basis of the RHÖN-KLINIKUM Group will be provided by its five large sites in four federal states counting over 5,300 beds and over 17,000 employees.

Bad Neustadt a. d. Saale, 3 May 2019

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Stephan Holzinger

Dr. Gunther K. Weiß

For the current financial year 2019, we continue to expect revenues of € 1.30 billion within a range of plus or minus 5%. For earnings before interest, tax and depreciation/amortisation (EBITDA), we continue to expect a level of between € 117.5 million and € 127.5 million.

This forecast reflects the (compared with 2018 once again heightened) regulatory measures taken by the legislature, such as lower remuneration for services entailing high material cost intensity, particularly in the field of cardiology, or the fixed cost degression discount on surplus services, expenditures in the area of telemedicine and digitalisation as well as effects from the commissioning at the turn of 2018/2019 of the new construction project Campus Bad Neustadt. EBITDA is influenced among other things by the delayed effects from the Helios transaction in the low double-digit € million range.

Our outlook is of course subject to any regulatory measures impacting our remuneration structure in 2019.

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Consolidated Income Statement and Consolidated Statement of Comprehensive Income, January through March

January to March	2019		2018	
	€ '000	%	€ '000	%
Revenues	324,211	100.0	311,654	100.0
Other income	43,915	13.5	37,027	11.9
	368,126	113.5	348,681	111.9
Materials and consumables used	96,027	29.6	92,823	29.8
Employee benefits expense	213,622	65.9	199,667	64.1
Other expenses	29,634	9.1	28,205	9.0
Result of impairment on financial assets	117	0.0	376	0.1
	339,400	104.6	321,071	103.0
Interim result (EBITDA)	28,726	8.9	27,610	8.9
Depreciation/amortisation and impairment	17,582	5.5	15,112	4.9
Operating result (EBIT)	11,144	3.4	12,498	4.0
Result of investments accounted for using the equity method	24	0.0	23	0.0
Finance income	34	0.0	83	0.0
Finance expenses	598	0.1	135	0.0
Result of impairment on financial investments	-92	0.0	115	0.0
Finance result (net)	448	0.1	144	0.0
Earnings before taxes (EBT)	10,696	3.3	12,354	4.0
Income taxes	1,756	0.5	1,942	0.7
Consolidated profit	8,940	2.8	10,412	3.3
of which				
non-controlling interests	610	0.2	420	0.1
shareholders of RHÖN-KLINIKUM AG	8,330	2.6	9,992	3.2
Earnings per share in €				
undiluted	0.12		0.15	
diluted	0.12		0.15	

January to March	2019	2018
	€ '000	€ '000
Consolidated profit	8,940	10,412
of which		
non-controlling interests	610	420
shareholders of RHÖN-KLINIKUM AG	8,330	9,992
Changes in fair value through other comprehensive income (FVOCI)	93	794
Income taxes	-15	-126
Other comprehensive income (changes in fair value through other comprehensive income) not subsequently reclassified to income statement	78	668
Revaluation of defined benefit pension plans	-24	238
Income taxes	4	- 38
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	-20	200
Other comprehensive income¹	58	868
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	58	868
Total comprehensive income	8,998	11,280
of which		
non-controlling interests	610	420
shareholders of RHÖN-KLINIKUM AG	8,388	10,860

¹ Sum of value changes recognised directly at equity.

Consolidated Balance Sheet as at 31 March 2019

	31 Mar. 2019		31 Dec. 2018	
	€ '000	%	€ '000	%
ASSETS				
Non-current assets				
Goodwill and other intangible assets	177,894	11.1	176,707	11.1
Property, plant and equipment	873,767	54.5	852,100	53.6
Investment property	2,455	0.2	2,490	0.2
Investments accounted for using the equity method	414	0.0	390	0.0
Deferred tax assets	2,339	0.1	3,178	0.2
Other financial assets	7,024	0.4	4,682	0.3
	1,063,893	66.3	1,039,547	65.4
Current assets				
Inventories	23,625	1.5	25,939	1.6
Trade receivables	239,544	14.9	212,376	13.4
Other financial assets	180,864	11.3	169,276	10.7
Other assets	20,320	1.3	7,820	0.5
Current income tax assets	1,536	0.1	2,047	0.1
Cash and cash equivalents	74,312	4.6	132,283	8.3
	540,201	33.7	549,741	34.6
	1,604,094	100.0	1,589,288	100.0

	31 Mar. 2019		31 Dec. 2018	
	€ '000	%	€ '000	%
EQUITY AND LIABILITIES				
Equity				
Issued share capital	167,406	10.4	167,406	10.5
Capital reserve	574,168	35.8	574,168	36.1
Other reserves	402,209	25.1	393,821	24.8
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,143,707	71.3	1,135,319	71.4
Non-controlling interests in equity	24,513	1.5	23,903	1.5
	1,168,220	72.8	1,159,222	72.9
Non-current liabilities				
Financial liabilities	99,539	6.2	99,525	6.3
Provisions for post-employment benefits	2,412	0.2	2,199	0.1
Other financial liabilities	26,128	1.6	15,170	1.0
	128,079	8.0	116,894	7.4
Current liabilities				
Financial liabilities	697	0.0	303	0.0
Trade payables	88,463	5.5	115,883	7.3
Current income tax liabilities	4,203	0.3	3,847	0.2
Other provisions	62,123	3.9	62,436	3.9
Other financial liabilities	31,347	2.0	23,557	1.5
Other liabilities	120,962	7.5	107,146	6.8
	307,795	19.2	313,172	19.7
	1,604,094	100.0	1,589,288	100.0

Consolidated Statement of Changes in Equity

	Issued share capital	Capital reserve	Retained earnings	Treasury shares	Equity attributable to shareholders of RHÖN-KLINIKUM AG	Non-controlling interests in equity ¹	Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
As at 31 Dec. 2017/1 Jan. 2018 before adjustments	167,406	574,168	360,803	-76	1,102,301	22,955	1,125,256
Adjustments through adoption of IFRS 9 (after tax)	-	-	-1,122	-	-1,122	-30	-1,152
As at 31 Dec. 2017/1 Jan. 2018 after adjustments	167,406	574,168	359,681	-76	1,101,179	22,925	1,124,104
Equity transactions with owners							
Dividend payments	-	-	-	-	-	-	-
Consolidated profit	-	-	9,992	-	9,992	420	10,412
Other comprehensive income	-	-	868	-	868	-	868
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 31 Mar. 2018	167,406	574,168	370,541	-76	1,112,039	23,345	1,135,384
As at 31 Dec. 2018/1 Jan. 2019	167,406	574,168	393,821	-76	1,135,319	23,903	1,159,222
Equity transactions with owners							
Dividend payments	-	-	-	-	-	-	-
Consolidated profit	-	-	8,330	-	8,330	610	8,940
Other comprehensive income	-	-	58	-	58	-	58
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 31 Mar. 2019	167,406	574,168	402,209	-76	1,143,707	24,513	1,168,220

¹ Including other comprehensive income (OCI).

Consolidated Statement of Cash Flows

January to March	2019	2018
	€ m	€ m
Earnings before taxes	10.7	12.4
Finance result (net)	0.4	0.1
Depreciation/amortisation and impairment and gains/losses on disposal of assets	17.4	15.0
	28.5	27.5
Change in net current assets		
Change in inventories	2.6	0.9
Change in trade receivables	-24.1	-42.7
Change in other financial assets and other assets	-22.0	-18.3
Change in trade payables	-15.5	-5.9
Change in other net liabilities/other non-cash transactions	15.5	28.3
Change in provisions	-0.1	-0.6
Income taxes paid	-1.1	-1.4
Interest paid	-0.1	-0.1
Cash used in operating activities	-16.3	-12.3
Investments in property, plant and equipment and in intangible assets	-43.0	-26.6
Government grants received to finance investments in property, plant and equipment and in intangible assets	3.7	1.3
Change in investments in fixed term deposits	0.0	20.0
Investments in financial assets	-2.3	-
Acquisition of subsidiaries, net of cash acquired	0.3	-0.6
Sale proceeds from disposal of assets	0.4	0.1
Interest received	0.0	0.1
Cash used in investing activities	-40.9	-5.7
Payments from finance leases	-0.8	-0.2
Cash used in financing activities	-0.8	-0.2
Change in cash and cash equivalents	-58.0	-18.2
Cash and cash equivalents at 1 January	132.3	122.5
Cash and cash equivalents at 31 March	74.3	104.3

Condensed Notes

GENERAL INFORMATION

RHÖN-KLINIKUM AG and its subsidiaries build, acquire and operate primarily acute-care hospitals of all categories, with the focus being on cutting-edge medicine oriented towards maximum care with a direct tie-in to universities and research facilities. At some sites, rehabilitation services are also offered for selected medical disciplines to complement existing acute inpatient offerings. We moreover operate outpatient structures essentially in the form of medical care centres. We provide our services exclusively in Germany.

The Company is a stock corporation established under German law and has been listed on the stock market (SDAX®) since 1989. The registered office of the Company is in Bad Neustadt a.d. Saale, Salzburger Leite 1, Germany. The Company is entered in the Commercial Register of the Register Court of Schweinfurt under HRB 1670.

The Interim Consolidated Financial Statements will be published on 3 May 2019 on the website of RHÖN-KLINIKUM AG as well as with Deutsche Börse.

ACCOUNTING POLICIES

The Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG as at 31 March 2019 have been prepared in accordance with the rules of IAS 34 in condensed form applying Section 315e of the German Commercial Code (Handelsgesetzbuch, HGB) and in accordance with the rules, effective at the reporting date and recognised by the European Union, of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Furthermore, the provisions of the German accounting standard DRS 16 were observed in the preparation of this Group Interim Report of the Management.

With the exception of the Standards and Interpretation described below, the same accounting, valuation and calculation methods as already adopted by the European Union were applied in the Interim Consolidated Financial Statements as in the Consolidated Financial Statements for the financial year ending on 31 December 2018.

The new Standard IFRS 16 published in January 2016 and the subject of mandatory adoption for financial years commencing on or after 1 January 2019 defines a lease as a contract which conveys the right to use an asset for a period of time in exchange for consideration. The objective of IFRS 16 is to measure and reflect all leases uniformly. The previous classification as finance and operating leases will no longer apply for lessees as of the initial adoption date. For lessees, the new Standard requires a totally new approach towards accounting for lease contracts. Thus, from the initial adoption date every lease as a rule has to be recognised with the lessee on the balance sheet in the form of a right of use and a lease liability. The lease liability is measured in accordance with the lease payments outstanding discounted with the incremental borrowing rate, and the right of use as a general rule at the amount of the lease liability plus any initial direct cost. During the lease term, the

right of use is to be depreciated and the lease liability updated using the effective interest method and taking into account the lease payments. For lessors, the accounting rules remain largely unchanged.

Within the Group of RHÖN-KLINIKUM AG, the new Standard will be adopted as of 1 January 2019 with application in modified form retroactively. Leases with a term of twelve months maximum as well as leases relating to low-value assets will continue to be treated as operating leases. In the aforementioned cases, no right of use and no lease liability will be applied in the balance sheet and the lease payments will continue to be recognised as an expense as thus with a negative effect on EBITDA in the income statement. The Group adopts the exemption with regard to retaining the definition of a lease. IFRS 16 will thus be adopted for all contracts which were entered into before 1 January 2019 and classified as leases in accordance with IAS 17 and IFRIC 4. The adoption of IFRS 16 as lessee has a material impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG. On the initial adoption date of 1 January 2019 there is thus an increase in assets and liabilities within the balance sheet (balance sheet extension) by € 8.2 million. The rights of use in the amount of € 8.2 million applied for the first time on the assets side on the initial adoption date will be reported under those items of the balance sheet in which the assets underlying the lease would have been reported if they were owned by the Company. The rights of use will therefore be reported at the reporting date in non-current assets under the intangible assets item. The lease liabilities applied for the first time on the liabilities side as at the initial adoption date in the amount of € 8.2 million, of which € 6.1 million is reported under non-current liabilities and € 2.1 million under current liabilities, were measured at their present value of the lease payments outstanding. The present value calculation is based on the incremental borrowing rates of 1 January 2019. The weighted incremental borrowing rate as at 1 January 2019 is 1.1%. As at the initial adoption date, the increase in non-current and current liabilities resulting from the change in accounting standards has a negative impact on net liquidity in the amount of € 8.2 million. In equity, no effects result from the initial adoption of IFRS 16. As at 1 January 2019, the equity ratio decreases by roughly 0.4% as a result of the first-time recognition of lease liabilities. Unlike the past approach under which expenses for operating leases have a negative impact on the EBITDA, adoption of the new Standard IFRS 16 has a beneficial effect on EBITDA and results in an increase in depreciation/amortisation. The adoption of IFRS 16 will benefit EBITDA of the first quarter of 2019 by € 0.5 million, which in turn will result in an increase in depreciation/amortisation of the first quarter of 2019 by € 0.5 million. As a result of the mark-up on lease liabilities, the finance result of the first quarter of 2019 will be negatively impacted by € 28,000 higher interest expenses. In all other respects, the adoption of IFRS 16 as lessor will have no material impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG.

The new IFRIC 23 subject to mandatory adoption for financial years commencing on or after 1 January 2019 and containing provisions on the application and measurement of tax risk positions and closes gaps in the provisions of IAS 12 has no material impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG.

The amendments to IFRS 9 published on 12 October 2017 to be adopted as of financial years commencing on or after 1 January 2019, which allow a measurement at amortised cost or fair value through other comprehensive income (FVOCI) also for financial assets with prepayment features that permit or require a party either to pay or receive reasonable compensation on termination, are of no practical relevance for RHÖN-KLINIKUM AG.

In the first quarter of 2019, the amendments to the Standard IAS 19 relating to accounting of plan amendment, curtailment or settlement, and to IAS 28 governing accounting and measurement of long-term interests in associates and joint ventures in accordance with IFRS 9, as well as the Annual Improvements to IFRS (2015-2017 Cycle), which in each case are the subject of mandatory adoption as of 1 January 2019, were incorporated by the European Union into European law. The amendments have no material impact for RHÖN-KLINIKUM AG.

Standards and Interpretations exceeding such scope were not yet incorporated into European law by the European Union in the first three months of 2019.

The income tax expense was deferred in the reporting period based on the tax rate expected for the entire financial year.

CONSOLIDATED COMPANIES

The ultimate parent company is RHÖN-KLINIKUM AG with its registered office in Bad Neustadt a. d. Saale. The consolidated companies are as follows:

	31 Dec. 2018	Additions	Disposals	Reclassification	31 Mar. 2019
Fully consolidated subsidiaries	26	-	-	1	27
Companies consolidated using the equity method	2	-	-	-1	1
Other subsidiaries	8	1	-	-	9
Consolidated companies	36	1	0	0	37

During the reporting period, a minority interest of 5% was acquired in the Hamburg-based software provider Tiplu GmbH in the context of a strategic partnership. Established in 2016, Tiplu has specialised in case-related coding and revenue-securing through the use of semantic text analyses in hospital documents, such as doctor's letters, laboratory findings or OR documentation. RHÖN-KLINIKUM AG uses the coding software Tiplu Momo for complete and performance-based invoicing, revenue securing and duration-of-stay control.

On 10 January 2019 we signed a declaration of intent to establish a joint company with the Swiss telemedicine pioneer Medgate. We are thus forging ahead with the entry into the future market of telemedicine planned in 2019, i.e. the treatment of patients by phone, video and standard forms. According to the declaration of intent, RHÖN-KLINIKUM AG is to hold an interest of 51.0% in the newly founded company based in Germany. With Medgate Germany, RHÖN-KLINIKUM AG is looking to be the market leader in the field of telemedical and digital-medical services in Germany.

Company acquisitions

The management of Marburger Ionenstrahl-Therapie Betriebs-Gesellschaft des Universitätsklinikums Heidelberg mit beschränkter Haftung (MIT), in which RHÖN-KLINIKUM AG held an interest of 24.9%, filed for insolvency in September 2018. In the fourth quarter of 2018, the agreement was reached with Universitätsklinikum Heidelberg, which until then had held 75.1% in MIT, on the takeover of these corporate interests as at 1 January 2019 and the appointment of the management by RHÖN-KLINIKUM AG from January 2019. Approval by the German Cartel Office was given in December 2018.

As of 1 January 2019 we thus exercise control and fully consolidate MIT in the consolidated financial statements as of the aforementioned date. The preliminary purchase price allocation as at 1 January 2019 has the following impact on the Group's net assets in 2019:

Marburger Ionenstrahl-Therapie Betriebs-Gesellschaft des Universitätsklinikums Heidelberg mit beschränkter Haftung (MIT)	Fair value post acquisition in € m
Acquired assets and liabilities	
Intangible assets	0.0
Property, plant and equipment	6.8
Inventories	0.2
Trade receivables	3.1
Cash and cash equivalents	0.5
Other assets	2.0
Trade payables	-2.5
Deferred tax	-1.1
Other liabilities	-1.1
Net assets acquired	7.9
Goodwill	0.0
Cost as defined by IFRS 3	7.9
./. Acquired cash and cash equivalents	-0.5
Cash outflow on transaction at date of first-time consolidation	7.4
Payments already rendered	0
Purchase price yet to be paid	7.9

Using protons and heavy ions to achieve pinpoint precision, the Ion Beam Therapy Center offers a highly effective way of treating tumour disease whilst minimising the impact on high-risk organs such as the heart, lungs, liver and kidneys. During the reporting period, MIT's contributions to revenues is € 1.1 million and to consolidated profit € -0.8 million. Thanks to the greater integration of MIT with the university hospitals in Marburg and Giessen, RHÖN-KLINIKUM AG is looking to secure continued ongoing care to patients with an innovative treatment therapy. In the context of the acquisition, consultancy fees were incurred in financial year 2018 in the amount of roughly € 0.2 million.

As at 1 January of financial year 2019, three physician's practices were acquired in each case whose conditions of validity as per agreement were satisfied during the reporting period of 2019:

Purchase of physician's practices, January to March 2019	Fair value post acquisition € m
Acquired assets and liabilities	
Intangible assets	0.0
Property, plant and equipment	0.0
Net assets acquired	0.0
+ goodwill	0.3
Cost	0.3
./. purchase price payments outstanding	-0.2
./. acquired cash and cash equivalents	0.0
Cash outflow on transaction	0.1

Goodwill amounting to € 0.3 million essentially includes synergy effects expected from the expansion of medical care centres. The goodwill recognised is likely to be tax-deductible.

In financial year 2019 no further physician's practices were acquired whose conditions of validity as per agreement will be satisfied only as of 1 April 2019.

SELECTED NOTES TO THE INTERIM CONSOLIDATED INCOME STATEMENT

According to IFRS 8 – Operating Segments –, segment information on operating segments is to be presented in accordance with the internal reporting to the chief operating decision maker (management approach). The chief decision making body in our Group is the Board of Management. It is in this body that the strategic decisions are made for the Group and to this body that the key ratios of the hospitals, which represent our operating segments, are reported. We continue to have only one operating segment subject to reporting.

Revenues

January to March	2019	2018
	€ m	€ m
Fields		
Acute hospitals	313.8	301.8
Medical care centres	4.1	3.6
Rehabilitation hospitals	6.3	6.3
	324.2	311.7
Federal states		
Bavaria	64.0	65.7
Saxony	0.1	0.1
Thuringia	43.5	41.7
Brandenburg	37.0	35.7
Hesse	179.6	168.5
	324.2	311.7

According to IFRS 15, revenues constitute revenues generated from the provision of services and rose compared with the same period last year by € 12.5 million or 4.0% to reach € 324.2 million (previous year: € 311.7 million).

Revenues of the first three months of financial year 2019 include income from the invoicing of an additional remuneration component for the treatment of SMA (spinal muscle atrophy), which is remunerated in addition to the relevant DRG and negatively impacts by the same amount the item materials and consumables used. Moreover, revenues include the current negotiation outcome relating to the university outpatient units.

Other income

January to March	2019	2018
	€ m	€ m
Income from services rendered	37.7	32.0
Income from grants and other allowances	3.0	2.5
Income from indemnification payments/Other reimbursements	0.2	0.1
Other	3.0	2.4
	43.9	37.0

Income from services rendered includes income from ancillary and incidental activities as well as income from rental and lease agreements.

The Group received grants and other allowances as compensation for certain purpose-tied expenses in connection with publicly funded measures (e.g. costs of personnel and materials for research and teaching, benefits under German legislation governing maternity leave, and for other subsidised measures).

Compared with the same period last year, the other income item witnessed a rise of € 6.9 million or 18.6% to reach € 43.9 million (previous year: € 37.0 million). The rise is accounted for in particular by income from services and is essentially attributable to increased sales of pharmaceuticals (including income from the invoicing of a drug for treating MS (multiple sclerosis) that negatively impacts materials and consumables used by the same amount) and cytostatics as well as personnel costs for students of specialist healthcare professions refinanced for the first time.

Materials and consumables used

The rise in materials and consumables used by € 3.2 million or 3.4% includes additional expenditures relating to the medicamentous treatment of SMA and MS, which are remunerated in the same amount and reported under revenues or other income.

As a result of application of the new standard IFRS 16 “Leases” for the first time as of financial year 2019, expenses previously recorded under materials and consumables used amounting to € 0.2 million are no longer reported under materials and consumables used. The rights of use in the lease properties are amortised over the term of the respective lease contract and recognised at € 0.2 million under depreciation/amortisation/impairments.

Employee benefits expense

Compared with the same period last year, employee benefits expenses increased in the first quarter of 2019 by € 13.9 million or 7.0% to € 213.6 million (previous year: € 199.7 million). In addition to a rise in the number of employees, this is also the result of general wage increases. Moreover, expenses for students of the specialist healthcare professions were included in the first three months of financial year 2019 for the first time, which compared with reimbursement payments in the same amount in the Other income item.

Other expenses

January to March	2019	2018
	€ m	€ m
Maintenance	12.4	11.2
Charges, subscriptions and consulting fees	5.9	5.7
Insurance	3.2	3.1
Administrative and IT costs	2.7	2.7
Other personnel and continuing training costs	1.3	1.1
Rents and leaseholds	1.1	1.4
Travelling, entertaining and representation expenses	0.4	0.4
Secondary taxes	0.1	0.1
Losses on disposal of non-current assets	0.1	0.0
Other	2.4	2.5
	29.6	28.2

Compared with the same period last year, other expenditures in the first three months of 2019 saw an increase of € 1.4 million or 5.0% to € 29.6 million (previous year: € 28.2 million). The increase for the most part is accounted for by repair and maintenance and relates among other things to the Marburg Ion Beam Center consolidated for the first time as at 1 January 2019.

As a result of the initial adoption of the new Standard IFRS 16 “Leases” as of financial year 2019, expenses of the first quarter of 2019 amounting to € 0.3 million previously recorded under the other expenses item are no longer reported under other expenses. The rights of use in the lease properties

are amortised over the term of the respective lease contract and recognised at € 0.3 million under depreciation/amortisation/impairments.

Result from impairment on financial assets

The negative result from the impairment on financial assets in the amount of € 0.1 million (previous year: € 0.4 million) results from future expected losses of financial assets under IFRS 9.

Depreciation/amortisation and impairment

In the context of our higher level of investment in building structures and in medical equipment, among other things also in the context of the Campus Bad Neustadt being put into service at the turn of the year 2018/2019, depreciation/amortisation increased compared with the same period last year by € 2.5 million or 16.6% to € 17.6 million.

As a result of the initial adoption of the new Standard IFRS 16 in financial year 2019, expenses of the first quarter of 2019 amounting to € 0.5 million previously reported under the materials and consumables used and other expenses items, are no longer reported under materials and consumables used and other expenses. The rights of use in the lease properties are amortised over the term of the respective lease contract and recognised at € 0.5 million under depreciation/amortisation/impairments.

Finance result (net)

In the first quarter of financial year 2019, the negative finance result deteriorated by € 0.3 million to € -0.4 million (previous year: € -0.1 million). This was chiefly caused by the € 0.5 million rise in finance expenses resulting i.a. from interest recognised for the first time for the promissory note issued in October 2018. This rise in finance expenses compares with impairments on financial assets resulting from IFRS 9 subject to mandatory adoption as of 1 January 2018 in the amount of € 0.2 million.

Income taxes

January to March	2019 € m	2018 € m
Current income taxes	2.0	1.1
Deferred taxes	-0.2	0.8
	1.8	1.9

At an unchanged rate of taxation, the income tax expense item fell slightly by € 0.1 million to € 1.8 million (previous year: € 1.9 million) as a result of the lower tax assessment basis compared with same period of the previous year.

At present, tax carry-forwards are only recognised Group-wide to the extent that they are considered probable to be claimed within 5 years.

SELECTED NOTES TO THE INTERIM CONSOLIDATED BALANCE SHEET

Goodwill and other intangible assets

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2019	163.9	43.9	207.8
Additions due to changes in consolidated companies	0.3	0.0	0.3
Additions	0.0	1.8	1.8
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
31 March 2019	164.2	45.7	209.9
Cumulative depreciation and impairment			
1 January 2019	0.0	31.1	31.1
Depreciation	0.0	0.8	0.8
Disposals	0.0	0.0	0.0
31 March 2019	0.0	31.9	31.9
Balance sheet value as at 31 March 2019	164.2	13.8	178.0

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2018	163.3	39.8	203.1
Additions due to changes in consolidated companies	0.6	0.0	0.6
Additions	0.0	1.8	1.8
Disposals	0.0	0.5	0.5
Transfers	0.0	0.0	0.0
31 March 2018	163.9	41.1	205.0
Cumulative depreciation and impairment			
1 January 2018	0.0	28.6	28.6
Depreciation	0.0	0.8	0.8
Disposals	0.0	0.5	0.5
31 March 2018	0.0	28.9	28.9
Balance sheet value as at 31 March 2018	163.9	12.2	176.1

Property, plant and equipment

	Land and buildings € m	Technical plant and equipment € m	Operating and business equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2019	1,150.2	56.4	345.5	19.2	1,571.3
Additions due to changes in consolidated	0.0	0.0	6.8	0.0	6.8
Additions	14.8	0.4	11.7	4.8	31.7
Disposals	0.0	0.0	8.6	0.0	8.6
Transfers	0.7	0.6	0.7	-2.0	0.0
31 March 2019	1,165.7	57.4	356.1	22.0	1,601.2
Cumulative depreciation and impairment					
1 January 2019	446.0	36.2	237.0	0.0	719.2
Depreciation	7.6	1.0	8.1	0.0	16.7
Disposals	0.0	0.0	8.4	0.0	8.4
31 March 2019	453.6	37.2	236.7	0.0	727.5
Balance sheet value as at 31 March 2019	712.1	20.2	119.4	22.0	873.7

	Land and buildings € m	Technical plant and equipment € m	Operating and business equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2018	958.0	50.0	301.3	114.3	1,423.6
Additions due to changes in consolidated	0.0	0.0	0.0	0.0	0.0
Additions	0.7	0.1	2.6	21.3	24.7
Disposals	0.0	0.0	5.6	0.0	5.6
Transfers	0.4	0.0	2.5	-2.9	0.0
31 March 2018	959.1	50.1	300.8	132.7	1,442.7
Cumulative depreciation and impairment					
1 January 2018	416.7	32.9	226.9	0.0	676.5
Depreciation	7.7	0.9	5.6	0.0	14.2
Disposals	0.0	0.0	5.5	0.0	5.5
31 March 2018	424.4	33.8	227.0	0.0	685.2
Balance sheet value as at 31 March 2018	534.7	16.3	73.8	132.7	757.5

As a result of the new Standard IFRS 16 published in January 2016 and subject to mandatory adoption for financial years commencing on or after 1 January 2019, cost of acquisition increased by € 8.7 million, depreciation/amortisation by € 0.5 million and the balance sheet value by € 8.2 million in each case as at 31 March 2019.

Other financial assets (non-current)

Equity interests in the amount of € 7.0 million (31 December 2018: € 4.6 million) are reported under this item. These are the equity investments in the start-up companies Inovytec Medical Solutions Ltd., Telesofia Medical Ltd., CLEW Medical Inc. and Tiplu GmbH.

Other financial assets (current)

As a result of current finance requirements of extensive investment measures, freely disposable funds for the most part are invested short-term. Fixed deposit investments were made in the amount of € 114.5 million (31 December 2018: € 114.4 million) in the form of overnight deposits and short-term deposits with a remaining term of < 1 year. In addition, receivables according to the Hospital Financing Act (KHG) are reported under this item in the amount of € 41.7 million (31 December 2018: € 39.3 million). The change in the payment mode of the universities in Giessen and Marburg in connection with the reimbursements of costs for research and teaching resulted in an increase in receivables. As at the balance sheet date, the receivables in this regard amount to € 19.1 million (31 December 2018: € 9.7 million).

Equity

The increase in equity capital compared with the reporting date of 31 December 2018 by € 9.0 million results from consolidated profit (€ 8.9 million) as well as from income in OCI by € 0.1 million. The latter result from gains from the fair values of investments which according to IFRS 9 are assigned to the category of fair value through other comprehensive income (FVOCI), offset by losses resulting from the revaluation of defined benefit pension plans.

Financial liabilities

In October 2018, RHÖN-KLINIKUM AG successfully placed on the market a promissory note in the amount of € 100.0 million. The tranches exclusively bearing fixed interest with bullet maturities have terms of 5, 7 and 10 years. The funds collected are used for general corporate finance to ensure sufficient funds for investments planned in the medium-to-short term. Moreover, there is a syndicated line of credit in the amount of € 100.0 million. As at the balance sheet date, this line had not been utilised.

Lease liabilities

An amount of € 10.5 million (31 December 2018: € 4.7 million) is reported under non-current other financial liabilities, and an amount for liabilities under leases of € 3.1 million (31 December 2018: € 1.0 million) under current other financial liabilities. As at the reporting date, an amount of € 6.1 million has been added to long-term lease liabilities and € 2.1 million to short-term lease liabilities as a result of the new lease Standard IFRS 16 subject to mandatory adoption since 1 January 2019.

Additional disclosures regarding financial instruments

The table below presents the carrying amounts and fair values of the individual financial assets and liabilities for each individual category of financial instruments according to IFRS 9 and transfers these to the corresponding balance sheet item:

Measurement category according to IFRS 9	31 Mar. 2019	of which		31 Dec. 2018	of which	
		Financial Instruments			Financial Instruments	
	€ m	Carrying amount	Fair value	€ m	Carrying amount	Fair value
ASSETS						
Non-current assets						
Other financial assets	7.0	7.0	7.0	4.7	4.7	4.7
of which investments						
of which investments	7.0	7.0	7.0	4.7	4.7	4.7
of which investments	0.0	0.0	0.0	0.0	0.0	0.0
of which other	0.0	0.0	0.0	0.0	0.0	0.0
of which other	0.0	0.0	0.0	0.0	0.0	0.0
Current assets						
Trade receivables and other financial assets	420.4	420.4	420.4	381.7	381.7	381.7
Cash and cash equivalents	74.3	74.3	74.3	132.3	132.3	132.3
LIABILITIES						
Non-current liabilities						
Financial liabilities	99.5	99.5	92.8	99.5	99.5	88.1
Other financial liabilities	26.1	26.1	27.4	15.2	15.2	16.5
of which other financial liabilities	15.6	15.6	16.9	10.5	10.5	11.8
of which liabilities under leases	10.5	10.5	10.5	4.7	4.7	4.7
Current liabilities						
Trade payables	88.5	88.5	88.5	115.9	115.9	115.9
Financial liabilities	0.7	0.7	0.7	0.3	0.3	0.3
Other financial liabilities	31.3	31.3	31.3	23.6	23.6	23.6
of which other financial liabilities	28.2	28.2	28.2	22.6	22.6	22.6
of which liabilities under leases	3.1	3.1	3.1	1.0	1.0	1.0
Aggregated according to measurement categories, the above figures are as follows:						
Financial assets measured at amortised cost		494.7	494.7		514.0	514.0
Financial assets measured at fair value directly in equity (fair value through other comprehensive income; without recycling)		7.0	7.0		4.7	4.7
Financial assets measured at fair value through profit or loss		0.0	0.0		0.0	0.0
Financial liabilities measured at amortised cost		232.5	227.1		248.8	238.7

The principal part of financial assets is measured at RHÖN-KLINIKUM AG, pursuant to IFRS 9, at amortised cost. Trade receivables, other financial assets as well as cash and cash equivalents covered by this in general have short remaining maturities. Their carrying amounts as at the reporting date therefore correspond to their fair values.

Investments in the amount of € 7.0 million (31 December 2018: € 4.7 million) are measured at fair value directly in equity (fair value through other comprehensive income, without recycling). These investments relate to start-up equity interests whose market value was calculated based on current equity transactions between market participants in the context of additional financing rounds or applying the DCF method. Moreover, additional immaterial investments amounting to € 0.0 million are measured at fair value (fair value through profit or loss). Changes in the market valuation of investments, which are measured at fair value directly in equity (fair value through other comprehensive income, without recycling), resulted in total in gains in the amount of € 0.1 million (previous year: € 0.7 million) (after tax), which are recognised directly in equity under other comprehensive income (OCI).

The fair value of non-current other financial liabilities of RHÖN-KLINIKUM AG is calculated on the basis of the discounted cash flow. A risk- and maturity-related rate appropriate for

RHÖN-KLINIKUM AG has been used for discounting purposes. For trade payables, other financial obligations and financial liabilities with short remaining maturities, the carrying amounts correspond to their fair values on the reporting date. The fair value of liabilities under finance leases was calculated using a market interest curve as at the balance sheet date and corresponds to their carrying amount.

In the first quarter of financial year 2019, adjustments of the impairments on financial assets within the meaning of IFRS 9 resulted in a negative effect on earnings (after tax) in the amount of € 0.0 million (previous year: € 0.4 million).

The fair values of financial assets and liabilities accounted for as defined in IFRS 13 are classified as follows to the three levels of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total	Total
	€ m	€ m	€ m	31 Mar. 2019 € m	31 Dec. 2018 € m
Other non-current financial assets (investments)	-	7.0	-	7.0	4.7
Other non-current financial assets (remaining)	-	0.0	-	0.0	0.0
Trade receivables, other current financial assets	-	420.4	-	420.4	381.7
Non-current financial liabilities	-	92.8	-	92.8	88.1
Other non-current financial liabilities	-	27.4	-	27.4	16.5
Current trade liabilities	-	88.5	-	88.5	115.9
Current other financial liabilities	-	31.3	-	31.3	23.6

The levels of the fair value hierarchy and their application to assets and liabilities are described below:

- Level 1: Listed market prices for identical assets or liabilities on active markets
- Level 2: Other information in the form of listed market prices which are directly (e.g. prices) or indirectly (e.g. derived from prices) observable
- Level 3: Information on assets and liabilities not based on observable market data.

OTHER DISCLOSURES

Interests held in the Company

During the period of 1 January 2019 up to and including 31 March 2019, we have received the following notifications from shareholders that their voting interest exceeded or fell below the statutory reporting thresholds pursuant to section 33 et seq. of the WpHG and that they thus at least temporarily held a voting interest of over 3% in the Company either directly or by way of attribution of such voting interest to them.

Voting interest on date that interest exceeds/falls below threshold

Person subject to notification requirement	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding / falling below threshold in the case of	Notification pursuant to section 33 f. WpHG Attribution pursuant to WpHG/additional information:
B. Braun Melsungen Aktiengesellschaft	11 Mar. 2019		25.23	25.23	12 Dec. 2018	>25%	attributed (section 34 WpHG): B. Braun Melsungen Aktiengesellschaft

The voting interests may have changed since 31 March 2019. With regard to notifications on threshold events pursuant to section 33 et seq. of the WpHG that took place as of 1 April 2019, and for additional information on the attribution of the respective voting rights pursuant to section 33 et seq. of the WpHG, we refer to the publications on our website in the Investor Relations/Publications/IR News section. The notified voting interests and/or interest in the registered share capital were determined by the notifying entities on the basis of the existing aggregate number of shares at the time of the notification of voting rights.

Based on the threshold events notified to us, the following picture pursuant to section 33 et seq. of the WpHG in terms of shareholder structure emerges as at the relevant key date of 31 March 2019:

Voting interest pursuant to section 33 et seq. WpHG on date that interest exceeds/falls below threshold							
Person subject to notification requirement	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding / falling below threshold in the case of	Notification pursuant to section 33 f. WpHG Attribution pursuant to WpHG/additional information:
B. Braun Melsungen Aktiengesellschaft	11 Mar. 2019		25.23	25.23	12 Dec. 2018	>25%	attributed (section 34 WpHG): B. Braun Melsungen Aktiengesellschaft
Asklepios Kliniken GmbH & Co. KGaA	5 Jan. 2018	0.0005	25.10	25.10	29 Dec. 2017	>25%	attributed (section 34 WpHG): Asklepios Kliniken GmbH & Co. KGaA
Eugen Münch	28 Nov. 2017	6.94	7.61	14.56	23 Nov. 2017	>10%	attributed (section 34 WpHG): HCM SE
Ingeborg Münch	26 Oct. 2015	5.44		5.44	15. Oct. 2015	>5%	held directly (section 33 WpHG)
Landeskrankenhilfe V.V.a.G	22 Oct. 2018	5.21		5.21	19. Oct. 2018	>5%	held directly (section 33 WpHG)

In the reporting period of 1 January to 31 March 2019, we received no notifications on statutory reporting thresholds according to sections 38 of the WpHG.

The voting interests may have changed since 31 March 2019. With regard to notifications on threshold events that took place as of 1 April 2019, and for additional information on the underlying financial instruments, on attribution and on the holding structures of the respective voting rights, we refer to the publications on our website in the Investor Relations/Publications/IR News section.

As at 31 March 2019, the Company holds 24,000 treasury shares. This corresponds to 0.04% of the voting rights.

Corporate bodies

Since the last reporting date, the composition of the Board of Management and the Supervisory Board has remained unchanged. Regarding the composition of the Board of Management and of the Supervisory Board as well as their allocation of duties and responsibilities, please refer to the Annual Report as at 31 December 2018.

Moreover, the allocation of responsibilities within the Board of Management as well as within the Supervisory Board is regularly adapted to changing requirements. The Declaration on Corporate Governance, the Declaration of Compliance pursuant to section 161 of the AktG and the Corporate Governance Report jointly issued by the Board of Management and the Supervisory Board were updated and published on our website. All other elements of our corporate constitution have remained unchanged during the financial year to date. In this regard we refer to our Notes to the Consolidated Financial Statements of financial year 2018.

Related parties

RHÖN-KLINIKUM Group companies, in given instances, enter into transactions with related parties, as further described in the Notes to the Consolidated Financial Statements as at 31 December 2018.

The transactions conducted with related parties primarily result from service, lease and supply relations arranged at arm's length terms. In the view of the RHÖN-KLINIKUM Group, these transactions are not of material significance.

The companies belonging to the group of related parties and the business transacted with these companies have not changed significantly in terms of the nature of the performance relationship and the amount of the pro rata temporis business volume compared with the Consolidated Financial Statements as at 31 December 2018. The same applies for the financial receivables and/or liabilities that existed with related parties. The business volume of the first three months of financial year 2019 with the group companies of B. Braun Melsungen Aktiengesellschaft increased by € 0.1 million to € 2.5 million (previous year: € 2.4 million).

No material transactions with related parties which are unusual in terms of their nature or amount have taken place.

The contractual remuneration for the members of the Supervisory Board and of the Board of Management as well as the related remuneration guidelines have remained unchanged compared with the reporting date of 31 December 2018. Detailed information with regard to contractual remuneration and the remuneration guidelines is presented in our 2018 Annual Report.

No loans were granted to members of the Supervisory Board and the Board of Management.

Former members of the Board of Management and one acting member of the Board of Management as well as other employees hold an interest in the company RHÖN-Innovations GmbH founded in March 2016. The payments made for the interests are reported under the other liabilities item as cash-settled share-based payment transactions as defined by IFRS 2. No expenses as part of this remuneration were incurred during the reporting period.

With regard to share-based payment transactions as defined in IFRS 2 in the form of virtual shares, we refer to the Notes to the Consolidated Financial Statements in the 2017 Annual Report, Notes 2.16.4 and 9.5.

During the reporting period, RHÖN-KLINIKUM AG received no notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014.

Additional information on the respective notifications is published on our website under the header "IR-News" in the Investor Relations section.

At the reporting date of 31 March 2019 the Group employed a total of 17,089 persons (31 December 2018: 16,985 persons). In addition, a training remuneration payment is made for 420 students of the specialist healthcare professions at the University Hospital of Giessen and Marburg based on an agreement reach with the trade union ver.di in 2019.

Other financial obligations

The agreement from 2018 with the Federal State of Hesse in connection with the financing of the services to be rendered for research and teaching at the Group's university hospitals provides for investment commitments in the amount of € 100.0 million until the end of 2021. As at the balance

sheet date, already € 66.3 million of that has been fulfilled. Moreover, the following investments are to be performed: At the Marburg site, the modernisation of its clinic for psychiatry, the overhaul of the centralised operating theatre and IC units, as well as the new build of the clinic for paediatric and juvenile psychiatry are planned. At the Giessen site, the Paediatric Heart Centre will be expanded and an extension added on to the University Hospital. Our hospitals at the Giessen and Marburg sites continue to be committed to foregoing redundancies until the end of financial year 2021 and to take over trainees into permanent employment if they possess the right qualifications for the respective positions.

The additional other financial obligations have not changed significantly since the last reporting date.

Contingent liabilities

The aggregate volume of contingent liabilities has not changed significantly since the last reporting date.

Earnings per share

Earnings per share in accordance with IAS 33 is calculated using the share of consolidated profit attributable to the shareholders of RHÖN-KLINIKUM AG and the weighted average number of shares in issue during the year. Diluted earnings per share correspond to basic earnings per share, as there were no stock options or convertible debentures outstanding on the reporting date.

The following table sets out the development in the shares in issue:

	No. of shares on 31 Mar. 2019	No. of shares on 31 Mar. 2018
Non-par shares	66,962,470	66,962,470
Treasury non-par shares	-24,000	-24,000
Shares in issue	66,938,470	66,938,470

Earnings per share are calculated as follows:

Non-par shares	31 Mar. 2019	31 Mar. 2018
Share in consolidated profit (€ '000)	8,330	9,992
Weighted average number of shares outstanding, in thousands	66,938	66,938
Earnings per share in €	0.12	0.15

Statement of Cash Flows

The statement of cash flows shows how the item “Cash and cash equivalents” of RHÖN-KLINIKUM Group has changed in the year under review as a result of cash inflows and outflows. The impact of acquisitions, divestments and other changes in consolidated companies has been eliminated. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between cash flows from operating activities, investing activities as well as financing activities. The liquidity shown in the statement of changes in financial position continues to include cash on hand, cheques as well as cash with banks. For the purposes of the statement of cash flows, bank overdrafts are deducted from cash and cash equivalents. As at 31 March 2019 there were no bank overdrafts.

The change in cash used in operating activities compared with the same period of the previous year results primarily from the lower increase in trade receivables as a result of the elimination of

invoicing delays in the first quarter of 2018 relating to the introduction of a new hospital information and billing system at one hospital. Furthermore, as of the second quarter of 2018 the reimbursements of the costs for our services related to research and teaching by the universities of Giessen and Marburg no longer take place monthly but quarterly in arrears in the subsequent quarter. Compared with the same period of the previous year among other things, this results in a rise in other financial assets by € 3.7 million in the first quarter of 2019.

The rise in cash used in trade liabilities compared with the previous year is accounted for among other things by the move into the new Campus building in Bad Neustadt a.d. Saale at the end of 2018 and the additional expenses and purchases incurred thereby. An opposite trend was witnessed by other liabilities. This was attributable to the advance payment relating to separate accounting at the University Hospital of Giessen and Marburg in the first quarter of 2018.

The change in the area of investing activities stemmed from the decline in terminations of fixed deposits compared with the previous year. Investments in property, plant and equipment as well as in intangible assets remain at a high level, which is primarily attributable to the new construction measures in Bad Neustadt a.d. Saale. Net cash used in investments also reflects the high amount of invoices at year-end which were settled during the reporting period.

The initial adoption of IFRS 16 as of financial year 2019 results in an improvement in operating cash flow in the amount of € 0.5 million as well as in cash used in financing activity amounting to € 0.5 million.

The cash flow statement included a total of € 23.3 million (previous year: € 15.5 million) in outstanding construction invoices as non-cash item.

The statement of cash flows sets out the change in cash and cash equivalents between two balance sheet dates. In the RHÖN-KLINIKUM Group, this item exclusively comprises cash and cash equivalents attributable to continuing operations because no operations were discontinued.

Events after the balance-sheet date

No particularly significant events have occurred since 31 March 2019 that are expected to have a material influence on the net assets, financial position and results of operations of the Group of RHÖN-KLINIKUM AG.

Bad Neustadt a. d. Saale, 3 May 2019

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Stephan Holzinger

Dr. Gunther K. Weiß

KEY FIGURES

KEY FIGURES JANUARY TO MARCH 2019/ JANUARY TO MARCH 2018

Data in € m	Jan. – March 2019	Jan. – March 2018	Change in %
Revenues	324.2	311.7	4.0
Materials and consumables used	96.0	92.8	3.4
Employee benefits expense	213.6	199.7	7.0
Depreciation/amortisation and impairment	17.6	15.1	16.6
Consolidated profit according to IFRS	8.9	10.4	-14.4
Profit share of shareholders of RHÖN-KLINIKUM AG	8.3	10.0	-17.0
Profit share of non-controlling interests	0.6	0.4	50.0
Return on revenue (%)	2.8	3.3	-15.2
EBT	10.7	12.4	-13.7
EBIT	11.1	12.5	-11.2
EBIT - ratio (%)	3.4	4.0	-15.0
EBITDA	28.7	27.6	4.0
EBITDA ratio (%)	8.9	8.9	0.0
Property, plant and equipment as well as investment property	876.2	760.1	15.3
Equity according to IFRS	1,168.2	1,135.4	2.9
Return on equity in %	3.1	3.0	3.3
Balance sheet total according to IFRS	1,604.1	1,503.7	6.7
Investment in property, plant and equipment, intangible assets as well as in investment property	40.6	27.1	49.8
Earnings per ordinary share (in €) (undiluted/diluted)	0.12	0.15	-20.0
Number of employees (headcount)	17,089 *)	16,656	2.6
Number of cases (patients treated)	218,924	216,602	1.1
Beds and places	5,312	5,370	-1.1

*) plus 420 students of specialist health professions.

FINANCIAL CALENDAR

Dates for shareholders and analysts

2019

3 May 2019	Publication of Interim Report for the quarter ending 31 March 2019
5 June 2019	Annual General Meeting (Stadthalle, Bad Neustadt a. d. Saale)
1 August 2019	Publication of Half-Year Financial Report as of 30 June 2019
8 November 2019	Publication of Interim Report for the quarter ending 30 September 2019

<http://www.rhoen-klinikum-ag.com/interimreports>



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This Interim Report is also available in
German.