



RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

27TH ANNUAL GENERAL MEETING

Speech delivered by

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Contents

- 1. Financial year 2014 4
- 2. Past and future trends for financial year 2015 7
- 3. Current developments in our hospitals 10
- 4. Market environment and corporate strategy..... 14

Dear Shareholders and Shareholder Representatives,
Dear Guests,
Ladies and Gentlemen,

On behalf of the Board of Management and Supervisory Board I would like to welcome you all to the 27th Annual General Meeting of RHÖN-KLINIKUM AG here in Frankfurt today. I am pleased to be able to present to you a report which focusses on the previous financial year but also does not fail to mention our future plans and prospects.

As always it should therefore be interesting to participate in this meeting since it is *our proposals* and *your resolutions* which set the course for the future of this Company.

The sale of a total of 43 hospitals, of which I reported in detail last year already, is now completed. The unavoidable collateral events associated with this have died down and the corporate re-orientation has taken on a daily significance:

- Stronger concentration on maximum medical care in the future;
- Further development of our campus concept and putting it into practice at our sites;
- Further commitment to a cross-provider medical care network;
- Initial promising projects in the area of eHealth; and
- Significant (also financial) increase in activities promoting research, innovation, network medicine and treatment excellence.

Although we are now no longer in the public glare, our Company has not by any means arrived in the calm boring waters of unimaginative daily routine without a definite course to follow: last doubts have been eliminated by lasting facts; milestones have been defined and are being achieved; and wild speculation has given way to evaluating our opportunities and prospects based on facts. Yet it is in the nature of the beast that particularly the latter will always include a degree of (ad)venture and this is what makes our Company so attractive – and it also serves to spur us on to new pastures. It confirms our intent to continue the successfully implemented re-orientation of RHÖN-KLINIKUM AG in a consistent and purposeful manner, with a strong management team and highly motivated employees.

Less insecurity does not at all mean a loss of dynamic force. Quite the opposite: the successful corporate history will continue in the next few years with equal creativity making use of the traditional innovative strength of our Company. We have already observed several times that some people find our preference for lateral thinking difficult to follow; simple discussions and rough ideas can sometimes find their place in the media for weeks – especially if they emerge from a think-tank ennobled by the executive bodies of RHÖN-KLINIKUM AG. We can therefore be sure that our Company will remain a significant source of inspiration and a decisive motor in the German healthcare economy both now and also in the future.

Against this background please allow me therefore to provide you first with the main developments in the previous financial year:

1. Financial Year 2014

Particularly the first half of Financial Year 2014 was marked by the continuing process of transformation which was considerably influenced by the sale and successive transfer of a total of 43 hospitals to their new owners. During our AGM last year we were able to explain to you the added value which this sale transaction created for all the participants; the explicit resolutions you passed then confirmed our appraisal of the situation.

Looking back from a greater distance twelve months on it can now be stated with equal fervour:

- Firstly: The hospitals which were sold have been taken over and integrated under the aegis of the new owners pursuant to the contractually agreed conditions.
- Secondly: In the autumn of 2014 our shareholders had the possibility to participate in a share repurchase scheme with subsequent capital reduction and the associated distribution of roughly € 1.65 billion.
- Thirdly: RHÖN-KLINIKUM AG has both maintained and expanded its market position as a strong healthcare provider.

The greater emphasis on innovation and treatment excellence is certainly not lip service; it provides the link between our stated claim and actual practice, our objectives and reality – namely using state-of-the-art medical technology and the latest diagnostic and therapeutic methods based on science in the treatment of our patients. We are also well aware of the overall connection that it is not only medical technology which offers successful treatment in the long-term; the best possible nursing care and personal interaction are equally important. We therefore guarantee that the corresponding medical services work together hand in hand.

Our self-image has not become elitist despite concentrating on cutting-edge medical care. We remain down to earth, characterised by the still valid motto of providing affordable high-quality medical care to our patients. We do not wish to change this principle in our corporate philosophy. A person needing help and medical care – the patient – will always remain at the centre of all our endeavours in the future and not merely the question whether he/she has statutory or private medical insurance, for example. For us ethical responsibility, patient well-being and state-of-the-art healthcare do not contradict each other; they are conditional on each other as the prerequisite and result of economically sound corporate management. With this combination we shall continue to fulfil our claim to be a major pioneer in innovative development and a decisive driving force in the healthcare economy.

This claim is also reinforced by our Medical Board which we introduced in 2014. It brings together highly qualified physicians from all our sites in close cooperation with our corporate medical division. One of the main tasks of the board is to further develop and implement the medical strategy of RHÖN-KLINIKUM AG and bring it into line with the corporate goals.

The Medical Board advises and assists the Board of Management and the management teams of our clinics with the evaluation and practical implementation of medical innovations, new therapies and the installation of complex medical technology. The assumption is that medical innovation must aim to be of specific diagnostic and therapeutic benefit to our patients.

We are fully convinced that it is crucial to include medical expertise more thoroughly and directly in the relevant processes and decisions against the background of increasingly demanding tasks and deteriorating framework conditions in our regulated market. Practical and sustainable solutions are required which both benefit patients and also contribute to a stable economic foundation for our Company. Already in the last few months the work by the Medical Board has proved to be a decisive factor accompanying and participating in our strategic re-orientation and leading to initial success.

You will also find a detailed presentation of the Medical Board, its members and objectives in our Annual Report which is available for your perusal. Please take the opportunity to obtain a wider and more detailed picture beyond my somewhat short explanations here.

Ladies and Gentlemen,

I have already explained the practicalities of the Helios/Fresenius transaction in detail on various other occasions. Hardly a single step was passed over by the market, press, wider public, analysts and investors; it has taken an immense effort, also on the part of my colleagues on the Board of Management, to report on the project and its progress in great detail – through various corporate publications, telephone calls with investors, press conferences and also in many personal conversations.

In order to understand our financial figures it is unavoidable, however, to point out some important parameters once more. Firstly: the sale and actual transfer of the 43 hospitals did *not* take place at the same time. 38 of the facilities which were sold during the course of the transaction were initially transferred to Fresenius/Helios in February; two hospitals followed with a slight delay of a few days or weeks. Concepts were worked on during the year to secure the future of those facilities which initially remained in our portfolio for anti-trust reasons and on an interim basis.

It was only possible in the second quarter to complete the contractual transfer of ownership for HSK Wiesbaden. With a repeated attempt to convince the anti-trust authorities the hospital in Cuxhaven was transferred to Helios/Fresenius in the third quarter after the German Federal Cartel Office had declared the planned change of ownership to be unproblematic following a further review of the regional competition. In the fourth quarter the hospital in Boizenburg was acquired by the KMG clinics and the hospital in Waltershausen-Friedrichroda was taken over by the SRH clinics. The hospitals were included in the balance sheet of RHÖN-KLINIKUM AG for the respective periods during the year.

Against this background the figures of the last financial year are only comparable with those of previous years to a very limited extent.

Based on the facts stated above we treated roughly 1.22 million patients in our facilities in financial year 2014. The revenues are at € 1.51 billion. Earnings before interest, taxes, depreciation and amortisation (EBITDA) stand at € 1.41 billion – an undoubtedly unusual revenues/earnings ratio which was nourished by the proceeds from selling the hospitals. Net consolidated profit amounts accordingly to € 1.23 billion. Taking into account the extraordinary situation due to the Helios/Fresenius transaction – which brought both positive special influences as well as additional burdens – the result we achieved in financial year 2014 is more than satisfactory.

It is not only my wish to praise the corporate results here but also primarily to thank those who helped us to achieve them. On behalf of the Board of Management I am grateful to all our employees – our physicians, nursing staff, therapists, technical and administrative employees, service employees ... in short: *all* the professional groups who have contributed to the success of the Company with their commitment and dedication: thank you!

Ladies and Gentlemen,

At the AGM last year a resolution was passed following the proposal by the Board of Management and Supervisory Board to reduce the share capital of the Company through a share repurchase scheme which was executed from 16th October to 14th November 2014. The shareholders had the possibility within the share buy-back to offer the shares they held to the Company in a public purchase offer outside the stock exchange. If the shareholders did not wish to participate in the share buy-back, they could sell their put options. Shareholders could also acquire additional put options. The public purchase offer price amounted to € 25.18 per share.

With this instrument which was used for the first time in Germany in this way all our investors had the freedom to act as they wish and could decide whether they intended to offer their shares to the Company at the modified framework conditions or continue to invest them. This also allowed the sales proceeds to be disbursed in a manner that limits the impact on the share price, thus benefiting our shareholders. Furthermore the capital decrease associated with the buy-back also reflected the smaller structure of RHÖN-KLINIKUM AG and thus created a strong financial basis for the future development of the Company.

The offer was taken up for a total of 64,750,140 RHÖN-KLINIKUM shares which corresponds to an acceptance rate of 98.4 % and a share of approx. 46.84 % of the total share capital issued at that time. It is certainly no exaggeration if we interpret this as our shareholders expressing their trust and universal agreement with the corporate policies which we proposed.

The cancellation of the repurchased shares reduced the share capital of the Company from € 345,580,000.00 divided into 138,232,000 non-par shares – to € 183,704,650.00 divided into 73,481.860 non-par shares.

Notwithstanding the individual decisions of a few shareholders the share buy-back ultimately also led to a different weighting in the interests held by our major shareholders. According to the latest reported figures B. Braun Melsungen currently holds an interest in our Company of roughly 18 %, the Münch family has roughly 11 % and Asklepios Kliniken Group with its owner Dr. Bernard grosse Broermann has roughly 15 %.

We – the Board of Management – consider the decision behind such interest percentages to hold or even increase a significant interest in RHÖN-KLINIKUM AG as clear confirmation of the corporate strategic objectives which we are pursuing. We assume that our shareholders will continue to provide constructive assistance in our future work which will be solely geared towards the benefit of the Company.

2. Past and future trends for financial year 2015

Ladies and Gentlemen,

Please allow me to throw a quick glance at the past trend for financial year 2015: the initial three months of the first full year of our new corporate structure proved to be overall very sound and satisfactory.

We treated a total of exactly 191,730 patients in our ten hospitals. Revenues for the period from January to March amount to € 276.1 million and earnings before interest, taxes, depreciation and amortisation (EBITDA) stand at € 49.7 million. These figures are not directly comparable with those of previous years either – due to the sale of our 43 facilities which was completed in financial year 2014.

We expect revenues of between € 1.08 billion and € 1.12 billion for 2015. The so-called EBITDA - i.e. earnings before interest, taxes, depreciation and amortisation – is expected to be between € 145 million and € 155 million. As in 2013 and 2014 it must be taken into consideration here that one-off effects which partially still originate from the aftermath of the completed sale transaction will continue to influence the corporate results during this financial year as well. The size of these positive and negative special influences is a low two-digit million figure; they will be priced in over the entire financial year 2015 and will generally cancel each other out.

Our increased presence in the area of maximum medical care is complemented by the fact that three specialist clinics at our campus in Bad Neustadt – namely the psychosomatic clinic, the neurological clinic and the cardio-surgical clinic - have been awarded the status of academic teaching hospitals of the Phillips University in Marburg since 1st January 2015. The first medical students will already complete part of their education on the campus within the next few weeks. All our Group locations now either have university hospital status or act as academic teaching hospitals with a close link to science, research and training.

We shall also strengthen and expand this market position with targeted investments. We have therefore considerably increased the Group research and development budget for 2015. We used a structured internal selection procedure to decide on promoting a total of 61 projects with a total volume of roughly € 4 million. The projects are spread over all our corporate locations and are

focused on sustainable progress in the implementation of our strategic objectives of innovation, treatment excellence and network medicine. There are also subordinate projects on personalised medical care, initiatives in telemedicine as well as organisation and logistics, such as improving the link between inpatient treatment and follow-up care in the home.

Without wishing to bore you with too many details: What do these projects entail? – Personalised medical care deals with very individual, tailor-made therapeutic methods using state-of-the-art molecular genetics. A specific application is the exact circumstances and treatment of brain tumours, for example. Telemedicine and eHealth projects focus on implanted devices, such as pace-makers or defibrillators, which will send data on complications or particular occurrences to special centres on a continuous basis. Doctors will then be able to treat the patients accordingly before serious complications arise.

You can probably follow my gist: These specific research and development projects will also grant us additional competitive advantages in the future which in turn will have a dynamic influence on organic growth and corporate earnings in the medium term. You get the picture.

So let's get back to the immediate purpose of today's AGM. How can we continue to improve our Company with your support and ensure the success of your personal investment as a shareholder?

Another share repurchase scheme is being contemplated. In the next few weeks the Board of Management will take a close look at the idea of using the remaining current financial year to carry out another share repurchase scheme with a volume of roughly 10 % of the current share capital. You had already given the corresponding authorisation to the Board of Management during last year's AGM. The Board of Management and newly elected Supervisory Board will decide on the actual method, precise time period and the economic parameters of the repurchase in due course. Naturally you will be kept informed about this matter.

Furthermore the Board of Management and Supervisory Board have resolved to propose to you today the distribution of a dividend in the amount of € 0.80 per share. To refresh your memory: the dividend amounted to € 0.25 per share last year. With the combination of these measures - share buy-back and dividend – we wish our shareholders to participate in the profits from the Helios/Fresenius transaction again as they are shown in the balance sheet for 2014.

The proposal to distribute the balance sheet profit to our shareholders in the form of a dividend in the amount of € 0.80 per non-par share certainly represents an ambitious distribution ratio in comparison with other MDAX companies. We also wish the shareholders to be able to participate extensively in subsequent years in the future success of the Company. RHÖN-KLINIMUM AG can therefore be recommended to many investors as a share with an attractive dividend which may be interesting in view of the currently exceptionally low interest rates. In any case we would be pleased if you remained our shareholders following an objective appraisal with a wide range of facts which will no doubt result in convincing justification.

Ladies and Gentlemen,

You could see from the invitation to the AGM that the period of office of the current Supervisory Board ends with today's AGM. Based on the valid modification of the articles of association on the future composition of the executive body the Supervisory Board shall only consist of 16 members instead of hitherto 20. The 8 members of the Supervisory Board who are appointed by the shareholders will be elected by the AGM today.

In its meeting on 16th April 2015 the Supervisory Board of RHÖN-KLINIKIM AG unanimously - i.e. without abstentions and votes against – confirmed the proposals for the members of the Supervisory Board to be elected today whereby it followed the recommendations of the Nomination Committee.

The Supervisory Board members had previously obtained extensive information with respect to impartiality, qualifications and suitability of the candidates in question. The Supervisory Board paid particular attention to the high demands for impartiality of the candidates and avoiding any existing or future conflicts of interest in accordance with the Corporate Governance Code. Attention was also paid to the fact that the share of 30 % of women at management level which only becomes compulsory from 1st January 2016 is also taken into consideration in the new election of the Supervisory Board even although the candidates were selected solely on the basis of their experience and expertise.

Also on behalf of my colleagues in the Board of Management I would like to take this opportunity to thank the Chairman of our Supervisory Board, Mr. Eugen Münch, and all the members of the executive body for their cooperation during their now ending term of office, which cooperation was always constructive, usually thought-provoking and never boring and always geared to the best interests of the Company.

3. Current developments in our hospitals

Before you come to casting your vote for the items on the agenda, please allow me a short opportunity to describe the important developments in our hospitals. We did not fail in 2014 to push forwards with the further development of our hospitals by means of considerable investments in construction and medical quality.

- I already informed you last year about the current status of the plans with respect to rebuilding our **Campus** in **Bad Neustadt** in order to replace our old buildings which generally originate from the 1970s.

The building work has in particular already commenced for the new psychosomatic clinic following completion of the required permit application and the preparatory measures for construction. We are planning the first cut of the spade for this autumn on the already cleared site for the centre of our campus hospital which will provide a new home for the somatic disciplines, such as the cardiovascular clinic, for example. The entire hospital site will experience a complete transformation in its buildings and structure by 2018. The project claims to set new

game-changing standards in the areas of patient care, medical equipment, the link between inpatient and outpatient care and hospital architecture.

A majority of the existing clinics and departments will be combined under one roof in order to enable a stronger functional and organisational link between the areas of treatment. The connected building complex will further shorten the paths from one specialist to another and make the sectorial borders between outpatient, inpatient and follow-up services which are frequently defended on a rather formal basis more transparent. The objective is to use architecture and logistics to provide a tighter chain of treatment for patient care.

The areas of prevention and outpatient and inpatient acute and rehab care as well as a variety of related healthcare services will complement each other in modules.

We shall invest a total of roughly € 170 million in the new central building which will accommodate roughly 900 beds alone. At today's estimates roughly 2,500 employees will then treat almost 50,000 patients each year, including some 28,000 inpatients, in one of Europe's newest healthcare facilities. We expect our building project to generate a large increase in demand in the area of outpatient care; the high-performance inpatient treatment could then contrast with 300,000 to 400,000 outpatients on the campus in the medium term. This corresponds to a ratio between outpatient and inpatient services of roughly 10:1 – even taking an increase in inpatient services into account. The assumed average ratio in Germany of 35:1 is much worse which means that the campus in Bad Neustadt will specifically work towards giving patients suitable medical care in all sectors at a level which is geared towards their individual needs.

However, the new campus concept of RHÖN-KLINIKUM AG, which is being implemented in Bad Neustadt for the first time, will stand for more than just an architectural solution; it reflects the idea of optimised therapeutic methods and logistics in a network of hospitals providing maximum and intermediate medical care. This idea is also expressed in the fact that all the clinics now appear with a common logo and slogan of "Medical Excellence by Tradition". The uniform corporate design allows the positive aspects to be perceived even clearer in the future: trans-regional attractiveness, breadth of medical excellence and economic success of all the facilities on the campus in Bad Neustadt.

This medical excellence is already shown by, among other things, the two new high-end computer tomography machines which have been in use since December of last year. The new "Revolution" CT scanner combines all the leading technological ideas of computer tomography in one machine. The cardiovascular hospital was the first in Germany and the fourth in Europe to avail itself of such diagnostic possibilities which were considerably further developed than before. Thanks to the innovative technical equipment complicated anatomic structures – such as the beating heart, for example – can be scanned and analysed in one single examination. Greatly improved diagnostic and therapeutic quality can easily be achieved here as well as increased patient comfort.

- A new radiopharmaceutical centre was established during the previous financial year at our hospital in **Bad Berka** which enjoys a high reputation beyond its regional boundaries.

Furthermore the existing lung cancer centre was certified as the first such facility in central Thuringia and – as in previous years already – the hospital in Bad Berka was again included in the FOCUS list of best clinics in Germany. Nor should it be forgotten – and maybe you heard about it from the media: the hospital belongs to the best of its kind in the subject of hygiene. As the first clinic in the federal state of Thuringia it was awarded the “Clean Hands” certificate in gold.

- A new vascular centre was established last year at our hospital in **Frankfurt/Oder**. A state-of-the-art positron emission tomography machine was also taken into service. This scanner shows the metabolism of tumour cells so that tumours or metastases can be diagnosed at a much earlier stage than with conventional CT or MRT scans.

The management team and the Board of Management have also decided in consultation with our executive bodies to modernise the buildings progressively at our location in Frankfurt/Oder in the next few years in accordance with the standards and guidelines of our **campus** concept, thereby further improving the competitiveness and the already high medical and nursing standards. The implementation of the overall concept for the future direction of the hospital will be commenced this year. The building work will last five years.

Last year the hospital also obtained a permit from the Deutsche Gesetzliche Unfallversicherung (DGUV - German Social Accident Insurance) for the treatment of very serious injuries following work-related accidents. The procedures for very serious injuries (Schwerstverletzungsartenverfahren – SAV) guarantee high quality and ensure that after a work-related or commuting accident people are directly admitted to hospitals which offer fast and comprehensive acute treatment consisting of full-service diagnostic and therapy measures which can be applied without having to transfer the patient. There are only 85 of the over 2,000 hospitals in Germany which have this permit; that is a mere 5 % of all hospitals.

- I dare to assume that you are well informed about our **university hospital in Giessen and Marburg** (UKGM) thanks to the large number of media reports and comments which appear again and again. Unfortunately they do not always contain the correct information! Time and time again we have suffered the experience that some reports tend to contain prejudgments, include political campaigns, follow isolated individual interests and are generally against privatisation. I would like to resist the temptation to abuse this AGM for an extensive right of reply, but please at least accept that critical journalism, as much as we respect it, always demands a critical reader. Many of the reports leave out the proper facts and this despite the fact that we have been using the UKGM website for a considerable time already for transparent, factual and detailed publication of all the important data and information.

We are therefore left with no other option than to continue to further develop the hospitals in Giessen and Marburg as a network of two strong, even if very different, university hospitals. We are always prepared to analyse any *reasonable* proposals even if they do not generally tend to come from the majority of the self-appointed advisors. We shall continue to pursue our objectives of consolidating the hospitals with the required measures which are appropriate in the individual case as well as continually improving medical performance and economic efficiency. That always requires two things hand in hand: patience *and* keenness, speed *and* endurance,

optimism *and* pragmatism. The Board of Management can already detect further achievements in the future.

So I am a firm believer that in view of the complicated framework conditions and strong resistance our management colleagues have earned our respect merely because they usually only reap ingratitude.

The existence of this network of two highly performing university hospitals does not mean a one-size-fits-all approach. The regional, medical and structural environments all have their own particularities. Together with the employees and commercial partners the management team and the Board of Management are therefore faced with the challenge to produce a long-term strategic development plan for each location.

There has been good progress in the last twelve months with realising the particle therapy facility at the Marburg Ion Beam Therapy Centre (MIT). Following complicated negotiations agreements could be signed in September 2014 with all the major parties involved in the project (the Federal State of Hesse, Siemens AG, the university and university hospital in Heidelberg, Phillips University in Marburg, the university hospitals in Giessen and Marburg and RHÖN-KLINIKUM AG).

In future the particle therapy facility will be run by the “Marburger Ionenstrahl-Therapie-Betriebsgesellschaft“ (Marburg ion beam therapy operating company). The university hospital in Heidelberg is considerably involved in the project as well as RHÖN-KLINIKUM AG which holds an interest of 24.9 % in the company. The preparatory work has now begun to take the facility into service. We assume that the first patients can be treated at this world-class facility towards the end of the current financial year. The particle therapy centre is a technical and medical milestone for UKGM and Marburg.

There have also been other developments worthy of mention at both locations, of which I would like to state just a few:

- In 2014 self-dissolving stents of the latest generation were used at the university hospital in **Giessen** for the first time in Europe. A so-called “interdisciplinary surgery holding ward” (ICH) was established for patients in various disciplines. This ward will speed up processes for patients who are to have an operation on the day of admission;
- In 2014 the 75th lung transplantation was carried out in Giessen and a university Shunt Centre was also opened;
- The helicopter “Christoph Giessen“ was granted a base at the university hospital in Giessen; it guarantees air rescue services for the entire region of central Hesse;
- Construction was commenced on the new building for the adult psychiatry clinic;
- The bicentenary celebration of the gynaecological clinic emphasized both longstanding tradition and modern medical competence.

- Last financial year the university hospital in **Marburg** became the first university hospital of its type to be awarded a certificate for hygiene in Germany;
- The new “centre for undetected and rare diseases“, the head of which is known as “Dr. House” in the style of a popular TV series, caused excitement in the national and

international media. This facility stands for unique competence in rare diseases and represents real hope for many people following a long fruitless journey in search of a diagnosis;

- Another acute paediatric/juvenile psychiatric ward was opened;
- Medical services at the Marburg site were supplemented with a new 10-bed palliative ward;
- The German government sought the services of the well-known virological competence centre under the management of Prof. Dr. Becker during the Ebola epidemic.

Ladies and Gentlemen,

The activities and investments at all our locations emphasise our focus on being a healthcare company providing maximum medical care.

At first glance it might not fit the bill that we are currently pushing forwards with the legal and structural integration in our RHÖN-KLINIKUM campus of the municipal hospital in Bad Neustadt – a hospital providing basic and standard medical care. But this will augment our specialist facilities at the campus – extending our already existing maximum medical care. We wish to strengthen the medical excellence of the location not only vertically but also horizontally. It makes sense since we will acquire additional medical indications which broaden the range of services and endorse the creation of the campus concept with its full-service medical care. It also takes the regional circumstances into consideration.

However, a final decision by the local council for the region of Rhön-Grabfeld is still outstanding.

4. Market environment and corporate strategy

Ladies and Gentlemen,

I presume that I am not telling you anything new when I say that the market environment in which we move is facing huge challenges and great upheaval merely due to demographic developments. Please allow me to outline just a few thoughts about how we shall also be successful in such a difficult environment in the future.

The Chairman of our Supervisory Board, Eugen Münch, shall also explain some aspects in his speech. I shall therefore take the opportunity to whet your appetite without wishing to spoil his explanations.

For decades RHÖN-KLINIKUM AG has stood for innovation and as a dynamic force in our industry. The framework conditions in our Company must allow and encourage innovation so that we can also do justice to this self-given role in the future. We rely here internally on interdisciplinary cooperation between hospitals and departments which crosses locations and levels of hierarchy as well as inpatient and outpatient boundaries. We also rely on cooperation with external research and development partners. Self-critical reflection and constant innovation are essential for effective medical care in the future. We trust in the innovative potential of our hospitals – particularly at the

university hospitals in Giessen and Marburg which are a leading force in Germany in their research activities.

We expect the demand for hospital services to continue to increase in coming years due to demographic changes in the population. However, the growing demand goes hand-in-hand with a decreasing number of people paying into the health insurance schemes. This leads to huge financial pressure in the healthcare system, particularly in the hospital sector. Current studies show that roughly half of all hospitals run at a deficit – irrespective of their owner. There are many voices saying that there will be a painful consolidation process in the next few years which will particularly hit smaller facilities in rural areas.

The fees for additional hospital services are hardly ever sufficient; statutory provisions mean that large price discounts must be accepted for additional services – whether they are agreed or not. In the next three years hospitals must also accept a so-called discount of 25 % for additional services even for the services agreed with the health insurance schemes. At the same time costs continue to increase for highly qualified specialist staff, for example, who is also increasingly difficult to come by. Material costs are on the increase too, and all these higher costs have no equivalent compensation on the earnings side.

Just today or in the coming week, at the latest, the federal cabinet is to pass the highly controversial ministerial draft to reform the law on hospital structures. We believe that it does not at all take account of the core requirements for efficient medical treatment in hospitals with adequate staffing levels and equipment. The German Hospital Federation and the German Association of Private Hospitals also reject the ministerial draft for the same reason and have expressed this to politicians in detailed statements.

The intended legislation does not take account of the requirements for investment, staffing levels, sufficient finances for emergency medical care or the growing demands on services and quality. Quite the opposite: the hospitals are encumbered with even more unreasonable burdens – such as lower surcharges for treatment and exaggerated price discounts.

It can be assumed that smaller inefficient hospitals will gradually disappear from the market and this process may accelerate as the situation deteriorates. Since many market-players are aware of this danger, the trend is moving towards increasing specialisation. Ultimately only those facilities will be able survive in the long-term and remain independent on the market if they are in a position to offer a range of services at a higher level than average as well as to improve quality for patients and maintain economically sound structures.

Our strategic principle to concentrate our services on maximum and cutting-edge medical care unequivocally requires specialisation. The concentration on our “core business” is not our invention, however; it follows strategic plans which are the basis for success in many different industries.

Yet a distinctive position on the market is not enough in itself: we must continue to do our daily homework. We must raise efficiency levels without reducing the quality of treatment. We must not fail to make necessary investments applying them more specifically and geared towards results. It is a

cliché in business mathematics but it does not harm to repeat it in times of stiff competition: we cannot guarantee successful medical treatment if we do not have satisfactory business figures. It is generally only economic success which creates the basis for secure employment.

Should the next hospital reform indeed foresee fees for medical services based on quality, our hospitals will benefit with their already high level of treatment quality. We consider ourselves to be well-equipped.

We also place special emphasis on improved management of patients in our forward-looking projects. We therefore continue to develop diagnostic and therapeutic procedures in our hospitals with the aim to optimise patient care; the facilities are thus fully up-to-date with the latest medical and technological developments.

The web-based electronic patient file, *WebEPA-plus* for short, which we have developed and which is already being used at some locations plays an important role in providing smooth interdisciplinary communication between hospitals. It is called *WebEPA-plus* since it represents a new generation of our *WebEPA* which has already been in use. Its possibilities for application are more varied and broader than those of its predecessors.

WebEPA-plus includes everything which is also in the patient's traditional paper file: results of examinations, x-rays, lab results, previous therapy, blood group or chronic diseases. In contrast to its physical equivalent, however, *WebEPA-plus* does not only collect the information of one "service provider". Instead it accompanies the patient through all stages of his/her treatment. Duplicate examinations, such as x-rays, for example, can therefore be avoided as well as duplicate prescriptions or even reactions between new and already prescribed medication. Furthermore all the physicians in the chain of treatment can obtain information on special risks and intolerances from one single source.

Our campus concept is also yet another example of keeping up with the times, demonstrating innovative prowess and improved efficiency. I have already mentioned a number of aspects. Yet the project also claims to serve as a blueprint for other hospital locations. We expect that it will turn into a big export product for our Company in the medium term because the concept could be an example for healthcare particularly in rural areas of Germany. It certainly has an effect on the future of our business model which has greatly remained unchanged since the past and which lives on taking over and integrating suitable hospitals.

The idea associated with the campus concept of channelling medical services with logistics therefore constitutes a model for the future. It corresponds to the claim of age-based patient care across regions and offers ambitious hospital architecture with optimised medical and nursing organisation and logistics. The campus concept is to become the central model of care for RHÖN-KLINIKUM AG in the medium term with a close link between the outpatient and inpatient sectors and in close cooperation with all service providers and practice physicians in the respective area.

Further expansion of the network medicine concept will also play a decisive role in further increasing our efficiency and optimising patient care. "Wir für Gesundheit" (we stand for health) is a cross-provider network partnership offering all insured patients additional outpatient and inpatient

services as part of additional employer-sponsored insurance cover. This additional employer-sponsored insurance offers the patient a guaranteed level of quality and additional comfort in the participating hospitals at a reasonable price thereby reducing the difference between private and statutory insurance for the patient. This is accompanied by the introduction of network medical structures allowing more targeted treatment of the patient within the network and participating hospitals. We presume that through access to the medical network roughly a quarter of patients will in future consult not – as they do today - the closest hospital but the best hospital for treatment of their health problems.

Ladies and Gentlemen,

Opportunities *and* risks, challenges *and* solutions determine our daily business life. We know we are not perfectly positioned for the future but at any rate we have excellent credentials. I am again looking forward to being able to design some of the prospects for the future success of RHÖN-KLINIKUM AG with the hitherto established Board of Management and with the support of our newly elected Supervisory Board, together with our nursing staff, physicians, management teams and all our colleagues who are interested in the further development of this Company for a secure future.

Thank you very much for your trust- the trust of our shareholders – and thank you for listening! I hope that we all have a successful AGM and wish you a reliable hand for passing the resolutions and making decisions!

We shall be pleased to answer your questions during the further course of today's AGM.