

MediClin integrates.



Interim report of MEDICLIN Aktiengesellschaft
for the period from 1 January 2016 to 31 March 2016

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Key data on business development in the Group

	Q1 2016	Q1 2015	Change in %
Number of shares in millions	47.50	47.50	
Number of cases (inpatient)	29,859	29,448	+1.4
Number of beds as of 31.03.	8,050	8,005	+0.6
Occupancy rates in %	86.2	86.6	
Number of full-time employees (average number)	6,558	6,463	+1.5

In millions of €	Q1 2016	Q1 2015	Change in %
Cash flow from operating activities	3.9	3.4	+14.0
Cash flow from operating activities per share in €	0.08	0.07	+14.0
Sales	141.9	136.6	+3.9
EBITDAR	17.9	17.5	+2.1
EBITDAR margin in %	12.6	12.8	
EBITDA	6.4	6.0	+5.2
EBITDA margin in %	4.5	4.4	
EBIT (operating result)	1.7	1.6	+6.7
EBIT margin in %	1.2	1.2	
Financial result	-0.7	-0.8	+11.9
Total consolidated result attributable to shareholders of MediClin AG	0.9	0.8	+9.2
Earnings per share in €	0.02	0.02	+9.2
Gross capital expenditure	7.1	6.8	+5.3
Thereof subsidies	0.9	0.4	
Interest coverage factor (EBITDA/interest result)	8.8x	7.7x	

In millions of €	31.03.2016	31.12.2015	Change in %
Balance sheet total	338.3	329.4	+2.7
Equity	165.8	169.1	-2.0
Equity ratio in %	49.0	51.3	
Return on equity in % ¹	10.1	9.8	
Financial liabilities (to banks)	43.6	46.5	-6.4
Cash and cash equivalents	25.0	29.5	-15.5
Net debt	18.6	17.0	+9.3
Net debt/EBITDA ²	0.4x	0.4x	

¹ Group result in the last 12 months/equity

² EBITDA in the last 12 months

Due to arithmetical reasons, calculation differences of +/- one unit (€, %, etc.) may occur.
Percentage rates and changes in % were calculated on the basis of non-rounded EUR figures.

**Interim Group management report of
MEDICLIN Aktiengesellschaft**
for the period from 1 January 2016 to 31 March 2016

General note

Following the enactment of the Transparency Directive Implementing Act that was adopted by the EU Commission in 2013, companies in Germany are no longer obliged to publish quarterly reports since the end of 2015. Thereafter, on 12 November 2015, the stock exchange council of the Frankfurt Stock Exchange introduced the obligation for companies listed on the Prime Standard to prepare a quarterly notification or quarterly consolidated notification instead of the previously required quarterly reports, thus adjusting to the new legal situation. These notifications refer to the first three months (Q1) and either only the third quarter (Q3) or the first nine months of the financial year. The regulations for the half-year report have not been changed. The notifications must explain the main events and their effects on results of operations, financial position and net assets as well as any deviations from the forecasts. There are no provisions concerning the presentation of key data, subsequent events, the opportunity and risk report and the consolidated notes.

MediClin will continue to prepare quarterly reports as before, but will use the change in legislation to slightly reduce the scope of reporting.

Report on the economic position for the first quarter of 2016

General statement on results of operations, financial position and net assets

In the first quarter of 2016 Group sales of EUR 141.9 mill. were EUR 5.3 mill. or 3.9 % higher than in the comparable prior-year quarter. The post-acute segment recorded a sales increase of EUR 4.5 mill., while the acute segment posted a EUR 0.6 mill. and the nursing care business area a EUR 0.2 mill. increase. Thus, the positive sales development seen in 2015 continued in the first quarter of the new financial year.

Group EBIT amounted to EUR 1.7 mill. and was thus EUR 0.1 mill. higher than the previous year's value. The post-acute segment was the only segment to contribute to the earnings improvement.

Gross investments amounted to EUR 7.1 mill. in the first quarter of the 2016 financial year (Q1 2015: EUR 6.8 mill.), pertaining mainly to the reconstruction and expansion of clinics. Capital expenditure is thus in line with the annual budget. Cash and cash equivalents as of 31 March 2016 amounted to EUR 25.0 mill. (31.12.2015: EUR 29.5 mill.).

There were no changes in the first quarter of the 2016 financial year compared to the information published in the forecast report section of the 2015 Annual Report that could have a material impact on MediClin's future business development. The same applies to changes in the risk and opportunity management; here, too, we refer to the information provided in the 2015 Annual Report.

This and the good start to the 2016 financial year indicate that the sales and earnings targets for the Group and the segments can be achieved.

Results of operation, financial position and net assets

Results of operation

Sales and earnings performance of the Group

	Q1 2016	Q1 2015
Group sales in millions of €	141.9	136.6
Raw materials and consumables used in millions of €	26.4	25.9
Cost of materials ratio in %	18.6	19.0
Staff costs in millions of €	86.0	82.3
Staff costs ratio in %	60.6	60.2
Depreciation and amortisation in millions of €	4.7	4.5
Other operating expenses in millions of €	25.0	24.2
Group operating result in millions of €	1.7	1.6

Group sales in the first quarter of the 2016 financial year were EUR 5.3 mill. or 3.9 % above the previous year's value. Raw materials and consumables used increased by EUR 0.5 mill. (+1.8 %) and staff costs by EUR 3.7 mill. (+4.5 %), which was due mainly to a higher number of employees (+95 full-time employees). The rise in depreciation and amortisation and other operating expenses was in line with expectations, with the result that the Group achieved an operating result EUR 0.1 mill. above the comparable previous year's quarter.

The financial result was EUR –0.7 mill. and thus improved by about EUR 0.1 mill., mainly due to lower interest and similar expenses.

The total consolidated result attributable to shareholders of MEDICLIN Aktiengesellschaft was EUR 0.9 mill. (Q1 2015: EUR 0.8 mill.). Earnings per share came to EUR 0.02 (Q1 2015: EUR 0.02).

The sales and earnings performance at segment level is illustrated in more detail in the segment reporting section.

Financial position and net assets

Liquidity

In millions of €	Q1 2016	Q1 2015
Cash flow from operating activities	3.9	3.4
Thereof total consolidated result	0.9	0.8
Cash flow from investing activities	-5.4	-4.4
Cash flow from financing activities	-3.0	-3.1
Cash flow for the period	-4.5	-4.1
Cash and cash equivalents at the beginning of the period	29.5	26.3
Cash and cash equivalents at the end of the period	25.0	22.2

The cash flow for the period results primarily from changes in the cash flow from investing activities, which amounted to EUR -5.4 mill. (Q1 2015: EUR -4.4 mill.). EUR 6.4 mill. thereof was invested in property, plant and equipment (Q1 2015: EUR 5.0 mill.), while payments received from investment subsidies amounted to EUR 1.2 mill. (Q1 2015: EUR 1.0 mill.).

Balance sheet structure

In millions of €	31.03.2016	In % of balance sheet total	31.12.2015	In % of balance sheet total
Assets				
Non-current assets	220.2	65.1	217.4	66.0
Current assets	118.1	34.9	112.0	34.0
	338.3	100.0	329.4	100.0
Equity and liabilities				
Equity	165.8	49.0	169.1	51.3
Non-current liabilities	106.1	31.4	103.8	31.5
Current liabilities	66.4	19.6	56.5	17.2
	338.3	100.0	329.4	100.0

The balance sheet total has increased by EUR 8.9 mill. since 31 December 2015.

Non-current assets rose by EUR 2.8 mill., with property, plant and equipment increasing by EUR 1.7 mill. and deferred tax assets by EUR 1.1 mill.

The rise in current assets is due primarily to the EUR 6.1 mill. increase in trade receivables.

On the equity and liabilities side, equity decreased by EUR 3.3 mill., mainly as a result of changes in the revenue reserve. The revaluation of defined benefit plans and similar obligations, which is recorded in other comprehensive income pursuant to IAS 19, is recognised in the revenue reserve. The rate for discounting pension obligations was reduced from 2.3 % (31.12.2015) to 1.8 % as at 31 March 2016.

Non-current liabilities rose by EUR 2.3 mill. This is attributable first and foremost to a EUR 2.8 mill. decline in liabilities to banks and a rise in pension and similar commitments in the amount of EUR 5.1 mill. caused primarily by the changed interest rate.

The increase in current liabilities by EUR 9.9 mill. is due nearly entirely to the rise in other payables. These pertain primarily to staff-related liabilities including payroll tax yet to be paid.

In the 2015 financial year, the formal presentation of the balance sheet was changed compared to the previous years. The changes strive to adjust balance sheet recognition to usual accounting practices. Overall, the changes do not materially affect the Company's net assets. The methods for making valuations, estimates and assessments remained unchanged. With regard to the new structure and/or new names of individual balance sheet items, we refer to pages 91 ff. of the 2015 Annual Report.

Segment reporting

Sales

In millions of €	Q1 2016	Q1 2015	Change in %
Post-acute	83.7	79.2	+5.8
Acute	53.7	53.1	+1.0
Other activities and reconciliation	4.5	4.3	+4.9
Thereof nursing care business area	3.6	3.4	+5.9
Group	141.9	136.6	+3.9

Sales in the post-acute segment were EUR 4.5 mill. higher than in the same period of the previous year. This growth was driven, in particular, by better occupancy rates in neurology, acute neurology and geriatrics.

As anticipated, sales in the acute segment increased moderately by EUR 0.6 mill.

In the other activities segment, sales of the nursing care business area improved by EUR 0.2 mill. on the back of a 1.3 % improvement of the occupancy rate.

Raw materials and consumables used

	Q1 2016	Q1 2015	Change in %
Post-acute			
Raw materials and consumables used in millions of €	17.9	17.5	+ 2.4
Cost of materials ratio in %	21.4	22.1	
Acute			
Raw materials and consumables used in millions of €	14.2	13.5	+ 5.2
Cost of materials ratio in %	26.5	25.4	

Staff costs

	Q1 2016	Q1 2015	Change in %
Post-acute			
Staff costs in millions of €	44.7	42.0	+ 6.5
Staff costs ratio in %	53.4	53.0	
Acute			
Staff costs in millions of €	28.8	28.4	+ 1.5
Staff costs ratio in %	53.7	53.4	

Segment results

In millions of €	Q1 2016	Q1 2015
Post-acute	1.8	0.7
Acute	2.1	3.2
Other activities and reconciliation	-2.2	-2.3
Group	1.7	1.6

The post-acute segment was able to compensate for the higher staff costs caused by a higher number of employees (+94 full-time employees) with a sales rise and a disproportionately low increase in raw materials and consumables used in relation to sales. The segment's EBIT margin improved from 0.9 % to 2.2 %.

In the acute segment, an increase in raw materials and consumables used (especially external medical services) and higher depreciation of receivables that are recognised in other operating expenses led to a segment result below the comparable figure. The segment's EBIT margin dropped from 6.1 % to 3.9 %.

Employees

A comparison of the first quarters reveals that the number of employees, calculated in full-time employees, increased considerably in the post-acute segment, which is due to the larger range of services on offer. The Group employed an average of 247 trainees in the first quarter of 2016 (Q1 2015: 245 trainees).

Average of number of employees in the Group and in the segments

Shown in full-time employees	Q1 2016	Q1 2015	Change
Post-acute	3,444	3,350	+94
Acute	1,962	1,967	-5
Other activities	1,152	1,146	+6
Thereof nursing care business area	187	179	+8
Thereof service business area (including administration)	965	967	-2
Group	6,558	6,463	+95

Report concerning related parties

Business relations to related parties are handled at normal market conditions and amount to the following:

In millions of €	Q1 2016	Q1 2015
Income		
Sales from post-acute, acute and nursing care services	0.6	0.4
Real estate management income	0.1	0.1
Pension payments of MAUK ¹	0.2	0.2
Service contracts	0.2	0.1
Expenses		
Lease expenses ²	11.0	11.0
Real estate management costs	0.2	0.2
Insurance premiums	0.4	0.4
Service contracts	1.9	1.7
Remuneration for key management personnel	0.9	0.5
Payments to MAUK ¹	0.2	0.2
Other purchased goods and services	0.1	0.1

In millions of €	31.03.2016	31.12.2015
Receivables		
Repayment claims from preliminary financing of clinic expansion and building measures	0.2	0.1
Receivables from post-acute, acute and nursing care services	0.2	0.2
Liabilities		
Service contracts	0.4	0.3
Provisions for insurance benefits	0.2	0.2
Provisions for remuneration for key management personnel	1.4	0.9

¹ Mitarbeiterunterstützungskasse der vereinigten Klinikbetriebe (MAUK)

² Leasing expenses include EUR 10.9 mill. (Q1 2015: EUR 10.8 mill.) in rental payments to the OIK-Immobilienfonds; for more details, see the following explanatory notes on the OIK-Immobilienfonds

EUR 1.4 mill. of the provisions for remuneration for key management personnel is due within the time frame of one year (31.12.2015: EUR 0.8 mill.).

OIK-Immobilienfonds

In the 2014 financial year the Management Board of MediClin was presented a legal opinion that had been commissioned by a shareholder and illustrated that shareholder's legal view. The paper states that the rents paid by the Company to the OIK-Fonds for the clinics that were pooled in the real estate fund between 1999 and 2002 and rented back are considered too high. Furthermore, the legal opinion points out that claims might arise and illustrates the special situation in that the shareholders of the fund simultaneously are or were direct or indirect shareholders of MediClin AG (including, among others, ERGO Versicherungsgruppe AG and, until 2011, Provinzial Rheinland Lebensversicherung AG).

Since the Management Board is responsible for ensuring that the Company conducts its business in compliance with the laws, it is obliged to investigate the suspicions that were expressed in the opinion commissioned by one of its shareholders and to examine any potential legal consequences resulting therefrom.

The findings regarding the appropriateness of the rents do not yet allow for a final assessment of the compliance of those rents with standard market rates now and in the past. Therefore, no changes have been made to the balance sheet in this respect.

MEDICLIN Aktiengesellschaft

Offenburg, 12 May 2016

The Management Board

Forward-looking statements

This report contains forward-looking statements that are based on management's current expectations. Words such as "anticipate", "assume", "believe", "estimate", "expect", "intend", "can/could", "plan", "project", "should" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties that are based on the current assumptions and forecasts of MediClin AG management. Should any of these risks and uncertainties materialise, or if the assumptions underlying any of the forward-looking statements prove incorrect, then the actual results may be materially different from those expressed or implied by such statements. MediClin AG does not intend or assume any obligation to continuously update these forward-looking statements, so as to adapt them to events or developments that occur after the release of this interim report.

**Consolidated interim financial statements of
MEDICLIN Aktiengesellschaft**
for the period from 1 January 2016 to 31 March 2016

Consolidated interim balance sheet as of 31 March 2016

ASSETS

In thousands of €	31.03.2016	31.12.2015
NON-CURRENT ASSETS		
Goodwill and other intangible assets		
Concessions, licences	1,588	1,677
Goodwill	48,484	48,484
Payments on account	274	235
	50,346	50,396
Property, plant and equipment		
Land, land rights and buildings including buildings on third-party land	103,188	102,297
Technical equipment and machines	11,621	11,081
Operating and office equipment	37,970	37,857
Payments on account and assets under construction	10,059	9,929
	162,838	161,164
Financial assets		
Investment in stock of subsidiaries	66	66
Reinsurance cover	1,334	1,334
Other financial investments	2	2
	1,402	1,402
Other financial assets	700	700
Non-current income tax claims	72	71
Deferred tax assets	4,825	3,711
	220,183	217,444
CURRENT ASSETS		
Inventories	6,055	6,154
Trade receivables	73,406	67,326
Current income tax claims	80	80
Other financial assets		
Receivables pursuant to hospital financing law	6,580	4,770
Other current financial assets	3,144	3,191
	9,724	7,961
Other assets	3,841	929
Cash and cash equivalents	24,962	29,532
	118,068	111,982
	338,251	329,426

EQUITY AND LIABILITIES

In thousands of €	31.03.2016	31.12.2015
EQUITY		
Shares MediClin Group		
Subscribed capital	47,500	47,500
Capital reserve	129,392	129,392
Revenue reserve	-22,187	-18,029
Consolidated balance sheet result	11,479	10,625
	166,184	169,488
Non-controlling interests	-385	-349
	165,799	169,139
NON-CURRENT LIABILITIES		
Financial liabilities		
Liabilities to banks	37,124	39,962
	37,124	39,962
Liabilities from finance leases	6,716	6,783
Pensions and similar commitments	55,393	50,271
Other provisions	3,661	3,713
Other financial liabilities	646	646
Other payables	2,506	2,471
	106,046	103,846
CURRENT LIABILITIES		
Trade payables	8,723	12,018
Financial liabilities		
Liabilities to banks	6,431	6,584
	6,431	6,584
Liabilities from finance leases	267	265
Other provisions	5,171	5,221
Current income tax liabilities	3,633	3,309
Other financial liabilities		
Liabilities pursuant to hospital financing law	9,309	7,413
Other liabilities	5,165	4,268
	14,474	11,681
Other payables	27,707	17,363
	66,406	56,441
	338,251	329,426

Consolidated interim profit and loss account

In thousands of €	January – March 2016	January – March 2015
Sales	141,882	136,563
Other operating income	1,934	1,869
Total operating performance	143,816	138,432
Raw materials and consumables used		
a) Cost of raw materials and supplies	-15,523	-14,964
b) Cost of purchased services	-10,895	-10,982
	-26,418	-25,946
Staff costs		
a) Wages and salaries	-74,220	-70,800
b) Social security, pension and retirement	-11,793	-11,479
	-86,013	-82,279
Other operating expenses	-25,021	-24,159
Result before interest, taxes, depreciation and amortisation / EBITDA	6,364	6,048
Depreciation and amortisation	-4,665	-4,455
Operating result / EBIT	1,699	1,593
Financial result		
a) Income from participations	26	0
b) Interest and similar income	5	11
c) Interest and similar expenses	-725	-800
	-694	-789
Result before tax	1,005	804
Taxes on income	-152	-19
Total consolidated result	853	785
Thereof attributable to shareholders of MediClin AG	854	782
Thereof attributable to non-controlling interests	-1	3
Total consolidated result attributable to shareholders of MediClin AG per share		
Undiluted (in €)	0.02	0.02
Diluted (in €)	0.02	0.02

Consolidated interim statement of comprehensive income

In thousands of €	January – March 2016	January – March 2015
Total consolidated result	853	785
Other comprehensive income		
Revaluation from defined benefit plans and similar obligations	–4,981	–9,698
Taxes on income	788	1,535
Additions to value adjustments that are not reconciled to the total consolidated result	–4,193	–8,163
Thereof attributable to shareholders of MediClin AG	–4,158	–8,095
Thereof attributable to non-controlling interests	–35	–68
Additions to value adjustments that are reconciled to the total consolidated result	0	0
Group comprehensive income	–3,340	–7,378
Thereof attributable to shareholders of MediClin AG	–3,304	–7,313
Thereof attributable to the non-controlling interests	–36	–65

Consolidated cash flow statement

In thousands of €	January – March 2016	January – March 2015
Operating result (EBIT)	1,699	1,593
Result of finance activities	-694	-789
Result of income taxes	-152	-19
Total consolidated result	853	785
Depreciation on fixed asset items	4,665	4,455
Change in deferred taxes	-1,114	-1,787
Change in non-current provisions	5,070	9,850
Change in current provisions	-49	-238
Result from the disposal of fixed asset items	-7	-17
Result from other non-cash items	-4,193	-8,163
Changes in non-current income tax claims	-2	-2
Changes in current income tax claims	0	6
Changes in other current assets	-11,082	-8,945
Changes in other non-current liabilities	35	24
Changes in other current liabilities	9,676	7,412
Cash flow from operating activities	3,852	3,380
Payments received from the disposal of fixed assets	46	21
From the disposal of property, plant and equipment	46	21
Payments received from investment subsidies	1,241	976
Cash used for investments in fixed assets	-6,658	-5,438
In intangible assets	-254	-389
In property, plant and equipment	-6,404	-5,049
Cash flow from investing activities	-5,371	-4,441
Repayment of financial liabilities	-3,051	-3,116
Cash flow from financing activities	-3,051	-3,116
Cash flow for the period	-4,570	-4,177
Cash and cash equivalents at the beginning of the period	29,532	26,347
Cash and cash equivalents at the end of the period	24,962	22,170

The cash and cash equivalents at the end of the period correspond to the balance sheet item "cash and cash equivalents" and encompass only cash in hand and current bank credit balances.

Statement of changes in equity

In thousands of €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Shares MediClin Group	Non-controlling interests	Total equity
As of 01.01.2015	47,500	129,392	-16,645	-5,910	154,337	-390	153,947
Total consolidated result	-	-	-	782	782	3	785
Other comprehensive income	-	-	-8,095	-	-8,095	-68	-8,163
Group comprehensive income	-	-	-8,095	782	-7,313	-65	-7,378
As of 31.03.2015	47,500	129,392	-24,740	-5,128	147,024	-455	146,569

In thousands of €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Shares MediClin Group	Non-controlling interests	Total equity
As of 01.01.2016	47,500	129,392	-18,029	10,625	169,488	-349	169,139
Total consolidated result	-	-	-	854	854	-1	853
Other comprehensive income	-	-	-4,158	-	-4,158	-35	-4,193
Group comprehensive income	-	-	-4,158	854	-3,304	-36	-3,340
As of 31.03.2016	47,500	129,392	-22,187	11,479	166,184	-385	165,799

Other information

General information

The unaudited consolidated interim financial statements of MEDICLIN Aktiengesellschaft for the first quarter of the 2016 financial year were prepared in accordance with International Accounting Standard (IAS) 34. The same accounting policies used in the consolidated financial statements for the 2015 financial year were also applied in this interim report. The interim report should therefore be read in conjunction with the Company's 2015 Annual Report.

EU endorsement

In the first quarter of 2016, the EU Commission did not publish any new standards or interpretations or amendments thereto.

Standards that have in the meantime been adopted by the International Accounting Standards Board (IASB)

On 12 April 2016 the International Accounting Standards Board (IASB) published amendments to IFRS 15 "Revenue from Contracts with Customers". The amendments serve to clarify several provisions of IFRS 15 and simplify the transition to the new standard.

The clarifications refer to the following issues:

- identifying the performance obligations in the contract;
- assessing whether a company is the principal or agent under a business transaction; and
- assessing whether revenue from licenses granted is collected in relation to a point in time or time period.

In addition to the clarifications, the amendments also include two further simplifications aimed at reducing the complexity and cost of transition to the new standard. These refer to options regarding the accounting of contracts that were either completed at the beginning of the earliest period presented or that have been modified before the beginning of the earliest period presented. The amendments and IFRS 15 itself are applicable for the first time as at 1 January 2018. MediClin does not expect the aforementioned amendments to have any significant effects on net assets, financial position and results of operation.

Key data on the MediClin share

ISIN: DE 000659 5101; WKN: 659 510; Ticker: MED

In € per share	Q1 2016	Q1 2015
Earnings un/diluted	0.02	0.02
Cash flow from operating activities	0.08	0.07
Book value ¹ at end of quarter	3.50	3.10
Share price at end of quarter	4.950	3.550
52-week high	5.371	–
52-week low	3.450	–
Market capitalisation at end of quarter in millions of €	235.1	168.6
Number of shares in millions	47.5	47.5

¹ Equity less non-controlling interests

Source: Deutsche Börse AG; Xetra/status: 18.04.2016

Financial calendar

19 February 2016

Press release for the preliminary figures for the 2015 financial year

23 March 2016

Financial statements press and analysts' conference for the 2015 financial year

12 May 2016

Publication of the interim report for the 1st quarter 2016

25 May 2016

Annual General Meeting

5 August 2016

Publication of the interim report for the 1st half-year 2016

10 November 2016

Publication of the interim report for the 1st–3rd quarter 2016

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