

MediClin integrates.



Interim report of MEDICLIN Aktiengesellschaft

for the period from 1 January 2017 to 30 June 2017

Key data on business development in the Group

	H1 2017	H1 2016	Change in %
Number of shares in millions	47.5	47.5	0.0
Number of cases (inpatient)	61,263	60,840	+0.7
Number of beds as of 30.06.	8,268	8,050	+2.7
Occupancy rates in %	88.1	88.3	
Number of full-time employees (average number)	6,860	6,573	+4.4

In millions of €	H1 2017	H1 2016	Change in %
Cash flow from operating activities	-1.0	5.9	-117.7
Cash flow from operating activities per share in €	-0.02	0.12	-117.7
Sales	298.9	289.2	+3.4
EBITDAR	39.2	41.5	-5.4
EBITDAR margin in %	13.1	14.3	
EBITDA	15.7	18.4	-14.8
EBITDA margin in %	5.3	6.4	
EBIT (operating result)	5.6	9.1	-38.2
EBIT margin in %	1.9	3.1	
Financial result	-0.9	-1.4	+32.3
Total consolidated result attributable to shareholders of MediClin AG	3.8	6.3	-39.7
Earnings per share in €	0.08	0.13	-39.7
Gross capital expenditure	20.6	13.7	+50.4
Thereof subsidies	3.9	2.1	+83.9
Interest coverage factor (EBITDA/interest result)	16.7x	13.0x	

In millions of €	30.06.2017	31.12.2016	Change in %
Balance sheet total	349.2	347.1	+0.6
Equity	186.2	181.6	+2.5
Equity ratio in %	53.3	52.3	
Return on equity in % ¹	7.6	9.1	
Financial liabilities (to banks)	48.1	48.8	-1.4
Cash and cash equivalents	21.9	41.6	-47.5
Net debt	26.3	7.1	+267.3
Net debt/EBITDA ²	0.6x	0.2x	

¹ Total consolidated 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 €-figures.

Interim Group management report of MEDICLIN Aktiengesellschaft

for the period from 1 January 2017 to 30 June 2017

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General note

In the 2016 annual financial statements the method for charging the facilities for Group contributions and the amounts thereof were changed. This has an effect on the segment results in segment reporting. In the following, the previous year's segment reporting figures were adjusted for the change in Group contributions to improve the comparability of figures.

Report on the economic position for the first six months of 2017

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

In the first six months of 2017, Group sales amounting to EUR 298.9 mill. were up EUR 9.8 mill. or 3.4 % on sales in the previous year's comparable period. Sales growth was driven by the post-acute segment (EUR +9.8 mill.) and the nursing care business area (EUR +0.3 mill.). In the acute segment, sales were down EUR 0.5 mill. on the first six months of the previous year.

The marked increase in staff costs over the previous year weighed particularly strongly on the Group operating result. The higher expenses are due to both wage increases and the higher number of staff (+287 full-time employees). The number of employees rose due to:

- the expansion of the range of services,
- regulatory provisions on behalf of the legislature that determine increased structural requirements, and
- preparations which are made to be able to expand the medical, therapeutic and nursing care services.

Therefore, the Group operating result dropped from EUR 9.1 mill. to EUR 5.6 mill. in the period under review.

In the second half of the 2017 financial year, the Management Board forecasts sales growth above the growth figure in the first six months of the 2017 financial year and a considerable increase in earnings for the Group. In the post-acute segment, sales growth in the full year is expected to remain at the level seen in the first six months, with a segment result clearly above the figure in the period under review. The acute segment is burdened by increased regulatory structural requirements which are enhanced by a reduced reimbursement for cardiological and some orthopedic services. Therefore measures already taken and initiated in addition to previous measures will not yet lead to a significant improvement in the acute segment in the second half of the 2017 financial year, meaning that the forecast sales growth will not materialise and the segment result will remain at the lower end of the forecast corridor due to higher expenses.

Cash and cash equivalents as of 30 June 2017 amounted to EUR 21.9 mill. (30.06.2016: EUR 21.6 mill.). The equity ratio was 53.3 % as at the reporting date.

A total (gross) sum of EUR 20.6 mill. was invested in the first six months of the 2017 financial year (H1 2016: EUR 13.7 mill.).

The macroeconomic and sector-specific environment

In its spring projections for 2017 published at the end of April, the German government forecasts a (price-adjusted) increase in the gross domestic product (GDP) of 1.5 % in the current year, and 1.6 % in 2018. The good economic situation and the positive wage and employment trend are causing the earnings subject to contribution payments to rise, having a favourable effect on the income situation of the German Health Fund. This, in turn, benefits the public health insurance funds and the social security pension funds.

In the first quarter of the 2017 financial year, the public health insurance funds generated a surplus of about EUR 612 mill., taking the financial reserves of the health insurance funds up to about EUR 16.7 bill. While income amounted to about EUR 58.2 bill., expenditure in the first quarter of 2017 came out to about EUR 57.6 bill. This corresponds to an increase in income of the health insurance funds of 4.2 % and a rise in expenditure of 3.9 %. In the first quarter of 2016 the health insurance funds had posted a surplus of EUR 406 mill.

Results of operation, financial position and net assets

Results of operation

SALES AND EARNINGS PERFORMANCE OF THE GROUP

In millions of €	H1 2017	H1 2016	Change in %
Group sales	298.9	289.2	+3.4
Raw materials and consumables used	55.1	53.6	+2.8
Cost of materials ratio in %	18.4	18.5	
Staff costs	182.9	171.0	+6.9
Staff costs ratio in %	61.2	59.2	
Depreciation and amortisation	10.1	9.3	+8.1
Other operating expenses	51.7	50.0	+3.4
Group operating result	5.6	9.1	-38.2

Group sales in the first six months of 2017 were EUR 9.8 mill. or 3.4 % above the comparable previous year's figure. The increase in raw materials and consumables used was disproportionately low compared to sales increase, whereas the change in depreciation and amortisation and other operating expenses was in line with expectations. Staff costs posted a marked increase, leading to a Group operating result EUR 3.5 mill. below the same period of the previous year.

The financial result was EUR -0.9 mill. and thus improved by EUR 0.4 mill., mainly due to lower interest and similar expenses.

The total consolidated result attributable to shareholders of MEDICLIN Aktiengesellschaft was EUR 3.8 mill. (H1 2016: EUR 6.3 mill.). Earnings per share came to EUR 0.08 (H1 2016: EUR 0.13).

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 €	H1 2017	H1 2016
Cash flow from operating activities	-1.0	5.9
Thereof total consolidated result	3.8	6.3
Cash flow from investing activities	-17.1	-9.6
Cash flow from financing activities	-1.6	-4.2
Cash flow for the period	-19.7	-7.9
Cash and cash equivalents at the beginning of the period	41.6	29.5
Cash and cash equivalents at the end of the period	21.9	21.6

The cash flow for the period results primarily from the cash flow from investing activities, which amounted to EUR -17.1 mill. (H1 2016: EUR -9.6 mill.). EUR 13.9 mill. (H1 2016: EUR: 12.6 mill.) was invested in property, plant and equipment, EUR 2.7 mill. (H1 2016: EUR 0.6 mill.) in intangible assets and EUR 2.7 mill. was spent on acquisitions (H1 2016: EUR 0.0 mill.). Payments received from investment subsidies amounted to EUR 1.4 mill. (H1 2016: EUR 3.5 mill.).

BALANCE SHEET STRUCTURE

In millions of €	30.06.2017	In % of balance sheet total	31.12.2016	In % of balance sheet total
Assets				
Non-current assets	225.4	64.5	219.3	63.2
Current assets	123.8	35.5	127.8	36.8
	349.2	100.0	347.1	100.0
Equity and liabilities				
Equity	186.2	53.3	181.6	52.3
Non-current liabilities	105.2	30.1	106.4	30.7
Current liabilities	57.8	16.6	59.1	17.0
	349.2	100.0	347.1	100.0

The balance sheet total has increased by EUR 2.1 mill. to EUR 349.2 mill. since 31 December 2016.

Non-current assets climbed by EUR 6.1 mill. to EUR 225.4 mill. since 31 December 2016. This is due primarily to a EUR 3.8 mill. rise in property, plant and equipment to EUR 165.4 mill., EUR 2.6 mill. of which is attributable to acquisitions. Intangible assets rose by EUR 2.2 mill. to EUR 54.4 mill.

Current assets were reduced by EUR 3.9 mill. to EUR 123.8 mill. since 31 December 2016. Cash and cash equivalents showed a particularly pronounced decrease by EUR 19.8 mill. to EUR 21.9 mill., mainly due to capital expenditure. As of the reporting date, in turn, trade receivables rose by EUR 8.8 mill., receivables for prepayments pertaining to other periods by EUR 3.0 mill., receivables pursuant to the hospital financing law by EUR 1.8 mill., other current financial assets by EUR 1.3 mill. and inventories by EUR 0.9 mill. The unfinished services item recognised in trade receivables went up by EUR 4.1 mill. The unfinished services item includes receivables for services rendered to patients that remain in inpatient care beyond the reporting date of 30 June 2017.

On the equity and liabilities side of the balance sheet, equity rose on the back of the total consolidated result and an increase in the revenue reserve by EUR 4.6 mill. to EUR 186.2 mill. compared to 31 December 2016. 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.

Non-current liabilities were reduced by EUR 1.2 mill. since 31 December 2016. This is primarily attributable to a EUR 0.5 mill. decline in liabilities to banks to EUR 38.0 mill. and a decrease in pension and similar obligations by EUR 1.0 mill. to EUR 54.2 mill. The decline in pensions and similar obligations is owed to the slight increase in the discount rate as of the reporting date on 30 June 2017.

Current liabilities also decreased, i.e. by EUR 1.3 mill. to EUR 57.8 mill. Trade payables (EUR -3.6 mill.), current income tax liabilities (EUR -2.6 mill.) and liabilities pursuant to hospital financing law (EUR -2.0 mill.) showed pronounced decreases, whereas other financial liabilities (EUR +1.5 mill.) and other payables (EUR +5.6 mill.), on the other hand, showed considerable increases.

Segment reporting

SALES

In millions of €	H1 2017	H1 2016	Change in %
Post-acute	182.5	172.6	+5.7
Acute	106.9	107.4	-0.4
Other activities and reconciliation	9.5	9.2	+4.1
thereof nursing care business area	7.6	7.2	+4.8
Group	298.9	289.2	+3.4

Sales in the post-acute segment were EUR 9.9 mill. higher than in the same period of the previous year. This growth was driven by the good utilisation of capacities in neurology, acute neurology, psychosomatics, orthopaedics as well as geriatrics.

The sales decline in the acute segment in the first six months of 2017 over the previous year is due to a decrease in case mix points.

Sales in the nursing care business area climbed by EUR 0.4 mill. to EUR 7.6 mill. Here, the new care level system has a positive effect, as the nursing care services rendered by MediClin are better reflected in the adjusted remuneration structure.

RAW MATERIALS AND CONSUMABLES USED

In millions of €	H1 2017	H1 2016	Change in %
Post-acute			
Raw materials and consumables used	37.5	35.6	+5.3
Cost of raw materials ratio in %	20.6	20.6	
Acute			
Raw materials and consumables used	29.0	29.1	-0.4
Cost of raw materials ratio in %	27.1	27.1	

STAFF COSTS

In millions of €	H1 2017	H1 2016	Change in %
Post-acute			
Staff costs	95.1	89.1	+ 6.8
Staff costs ratio in %	52.1	51.6	
Acute			
Staff costs	62.3	57.7	+ 8.1
Staff costs ratio in %	58.3	53.7	

SEGMENT RESULTS

In millions of €	H1 2017	H1 2016	H1 2016 pro forma
Post-acute	7.0	9.0	6.0
Acute	-1.0	4.2	2.7
Other activities and reconciliation	-0.4	-4.1	0.4
Group	5.6	9.1	9.1

The segment result in the post-acute segment improved by EUR 1.0 mill. compared to the pro forma figure for the previous year. The segment's EBIT margin for the first six months of 2017 came out to 3.9 % (pro forma H1 2016: 3.5 %).

In the acute segment, the EUR 0.5 mill. sales decline and higher expenses led to a segment result EUR 3.7 mill. below the previous year's pro forma figure. The segment's EBIT margin for the first six months of 2017 came out to -0.9 % (pro forma H1 2016: 2.5 %).

SEGMENT RESULTS AND NET ASSETS IN HALF YEAR COMPARISON

In millions of €	January – June 2017					
	Post-Acute	Acute	Other activities	Subtotal	Reconciliation	Group
Sales	182.5	106.9	36.1	325.5	-26.6	298.9
Total sales	185.5	108.0	38.0	331.5	0.0	331.5
Internal sales	3.0	1.1	1.9	6.0	26.6	32.6
Raw materials and consumables used	-37.5	-29.0	-13.5	-80.0	24.9	-55.1
Staff costs	-95.1	-62.3	-25.0	-182.4	-0.5	-182.9
Other operating expenses	-42.4	-15.9	-7.1	-65.4	13.7	-51.7
Segment result	7.0	-1.0	0.0	6.0	-0.4	5.6
Thereof non-cash item:						
Scheduled depreciation/write-ups	-5.7	-7.6	-1.0	-14.3	0.0	-14.3
Unscheduled depreciation/write-ups	0.0	0.0	0.0	0.0	0.0	0.0
Release of special item	0.4	3.8	0.0	4.2	0.0	4.2
Allowances	-0.2	0.0	0.0	-0.2	0.0	-0.2
Allocation of provisions/liabilities	-10.0	-7.3	-3.4	-20.7	-0.6	-21.3
Release of provisions/liabilities	0.3	0.2	0.1	0.6	0.2	0.8
Financial revenues	0.2	0.1	0.2	0.5	-0.3	0.2
Financial costs	-0.4	-0.5	-0.6	-1.5	0.4	-1.1
Financial result	-0.2	-0.4	-0.4	-1.0	0.1	-0.9
Taxes on income	0.0	-0.1	-0.3	-0.4	-0.5	-0.9
Assets	145.2	160.4	18.4	324.0	25.2	349.2
Liabilities	21.6	18.9	75.7	116.2	46.8	163.0
Gross capital expenditure	7.6	6.5	6.6	20.7	-0.1	20.6

In millions of €	January – June 2016					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Group
Sales	172.6	107.4	34.5	314.5	-25.3	289.2
Total sales	175.0	108.8	36.1	319.9	0.0	319.9
Internal sales	2.4	1.4	1.6	5.4	25.3	30.7
Raw materials and consumables used	-35.6	-29.1	-12.8	-77.5	23.9	-53.6
Staff costs	-89.1	-57.7	-23.3	-170.1	-0.9	-171.0
Other operating expenses	-38.1	-13.9	-6.3	-58.3	8.3	-50.0
Segment result	9.0	4.2	-2.0	11.2	-2.1	9.1
Change in Group contributions	-3.0	-1.5	3.4	-1.1	1.1	0.0
Segment result (pro forma)	6.0	2.7	1.4	10.1	-1.0	9.1
Thereof non-cash items:						
Scheduled depreciation/write-ups	-5.2	-7.4	-0.7	-13.3	0.0	-13.3
Unscheduled depreciation/write-ups	0.0	0.0	0.0	0.0	0.0	0.0
Release of special item	0.4	3.6	0.0	4.0	0.0	4.0
Allowances	-0.2	-0.8	0.0	-1.0	0.0	-1.0
Allocation of provisions/liabilities	-10.3	-7.1	-10.6	-28.0	-0.7	-28.7
Release of provisions/liabilities	0.6	0.3	0.1	1.0	0.1	1.1
Financial revenues	0.1	0.0	0.1	0.2	-0.2	0.0
Financial costs	-0.5	-0.6	-0.6	-1.7	0.3	-1.4
Financial result	-0.4	-0.6	-0.5	-1.5	0.1	-1.4
Taxes on income	0.1	0.0	-0.7	-0.6	-0.8	-1.4
Assets	141.6	160.6	10.0	312.2	25.4	337.6
Liabilities	22.6	24.4	78.1	125.1	43.7	168.8
Gross capital expenditure	8.2	4.5	1.0	13.7	0.0	13.7

Development of the coverage provider structure

Pursuant to IFRSs (IFRS 8.34 "Information about major customers"), an entity is required to disclose information on the degree of dependency on major customers. The statutory social security pension funds and the public health insurance funds are the two largest funding agencies for medical rehabilitation. In the acute sector, the public health insurance funds are the main funding agencies.

Sales generated with coverage providers are monitored and controlled on a monthly basis. According to these statistics, the social security pension funds accounted for 49.4 % (H1 2016: 48.2 %) of services in the post-acute segment in the first six months of 2017, while the public health insurance funds accounted for 41.8 % (H1 2016: 43.0 %). In the acute segment, 92.8 % of requested services (H1 2016: 92.6 %) were attributable to the public health insurance funds.

Capital expenditure

GROSS ADDITIONS TO NON-CURRENT ASSETS

In millions of €	H1 2017	H1 2016
Licences, concessions	2.9	0.7
Goodwill	0.1	0.0
Land, buildings	3.6	0.8
Technical Equipment, EDP	1.5	0.4
Operating and office equipment	7.9	6.1
Payments on account and assets under construction	4.6	5.7
Total	20.6	13.7

The rise in capital expenditure in the first six months of 2017 compared to the previous year's comparable period was caused by acquisitions, the widespread implementation of the hospital information system, notably higher investments in medical equipment at the clinics and the expansion and linking of IT networks.

Employees

Compared to the first six months of the previous year, the number of employees, calculated in full-time employees, increased considerably on the back of the existing and planned expansion of services on offer. The Group employed an average of 270 trainees in the first six months of 2017 (H1 2016: 244 trainees).

AVERAGE NUMBER OF EMPLOYEES IN THE GROUP AND IN THE SEGMENTS

Shown in full-time employees	H1 2017	H1 2016	Change
Post-acute	3,591	3,450	+ 141
Acute	2,040	1,962	+ 78
Other activities	1,229	1,161	+ 68
Thereof nursing care business area	197	190	+ 7
Thereof service business area (including administration)	1,032	971	+ 61
Group	6,860	6,573	+ 287

In comparison with the previous year's first six months sales per full-time employee dropped by 0.9 %, while staff costs per full-time employee increased by 2.5 %.

KEY DATA PER FULL-TIME EMPLOYEE IN THE GROUP

In €	H1 2017	H1 2016
Sales per full-time employee	43,575	43,992
Staff costs per full-time employee	26,665	26,022

Report concerning related parties

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

In millions of €	H1 2017	H1 2016
Income		
Sales from post-acute, acute and nursing care services	0.9	1.0
Real estate management income	0.2	0.2
Pension payments of MAUK ¹	0.4	0.4
Service contracts	0.3	0.1
Expenses		
Lease expenses ²	22.4	22.1
Real estate management costs	0.4	0.4
Insurance premiums	0.8	0.7
Service contracts	3.4	4.1
Remuneration for key management personnel	1.1	1.1
Payments to MAUK ¹	0.4	0.4
IT services	1.4	0.9
Other purchased goods and services	0.2	0.3

In millions of €	30.06.2017	31.12.2016
Receivables		
Repayment claims from preliminary financing of clinic expansion/building measures	0.1	0.2
Receivables from post-acute, acute and nursing care services	0.1	0.1
Liabilities		
Service contracts	0.1	0.1
Provisions for insurance benefits	0.6	0.1
Provisions for remuneration for key management personnel	0.5	0.6

¹ Mitarbeiterunterstützungskasse der vereinigten Klinikbetriebe (MAUK)

² Lease expenses include EUR 22.1 mill. (H1 2016: EUR 21.7 mill.) in rental payments to the OIK-Immobilienfonds; for more details, see the following explanatory notes on the OIK-Immobilienfonds.

EUR 0.4 mill. of the provisions for remuneration for key management personnel is due within the time frame of one year (31.12.2016: EUR 0.6 mill.).

OIK-Immobilienfonds

MEDICLIN Aktiengesellschaft (MediClin) filed a suit with the District Court of Offenburg asserting claims for repayment of rental payments above the usual market rate. The Company assumes that the aggregate rents paid for the period 2005 to 2015 were higher than the usual market rents in this period.

The suit was filed against existing and former shareholders of the Company, who hold shares of the real estate fund into which the hospitals acquired and rented back between 1999 and 2001 were incorporated.

MediClin carefully weighed up the opportunities and risks of the suit in view of the fact that the subject matter of the legal dispute is highly complex, especially with regard to the evaluation whether rents conform to usual market rates, and that some of the very difficult questions of law involved have not yet been decided by the highest courts.

Therefore, the Management Board is of the opinion that no changes to the balance sheet are required in this respect.

Forecast, risk and opportunity report

Forecast report

As of today there have been no changes to the information published in the forecast report section of the 2016 Annual Report that could have a material impact on MediClin's future business development.

Risk and opportunity report

No new noteworthy risks or opportunities have arisen during the first six months of the 2017 financial year, and there were no changes in the risk and opportunity management; hence we refer to the information provided in the 2016 Annual Report.

MEDICLIN Aktiengesellschaft

Offenburg, 4 August 2017

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 2017 to 30 June 2017

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Management Board

Consolidated interim balance sheet as of 30 June 2017

ASSETS		
In thousands of €	30.06.2017	31.12.2016
NON-CURRENT ASSETS		
Goodwill and other intangible assets		
Concessions, licences	3,643	2,103
Goodwill	48,655	48,574
Payments on account	2,054	1,500
	54,352	52,177
Property, plant and equipment		
Land, land rights and buildings including buildings on third-party land	106,202	106,217
Technical equipment and machines	11,637	12,069
Operating and office equipment	38,654	38,527
Payments on account and assets under construction	8,905	4,798
	165,398	161,611
Financial assets		
Investment in stock of subsidiaries	65	65
Reinsurance cover	1,171	1,171
Other financial investments	2	2
	1,238	1,238
Other financial assets	0	0
Non-current income tax claims	0	0
Deferred tax assets	4,413	4,303
	225,401	219,329
CURRENT ASSETS		
Inventories	7,154	6,270
Trade receivables	79,930	71,138
Current income tax claims	74	75
Other financial assets		
Receivables pursuant to hospital financing law	5,190	3,362
Other current financial assets	5,340	4,006
	10,530	7,368
Other assets	4,272	1,235
Cash and cash equivalents	21,860	41,648
	123,820	127,734
	349,221	347,063

EQUITY AND LIABILITIES

In thousands of €	30.06.2017	31.12.2016
EQUITY		
Shares MediClin Group		
Subscribed capital	47,500	47,500
Capital reserve	129,392	129,392
Revenue reserve	-21,367	-22,172
Consolidated balance sheet result	30,964	27,172
	186,489	181,892
Non-controlling interests	-298	-328
	186,191	181,564
NON-CURRENT LIABILITIES		
Financial liabilities		
Liabilities to banks	37,975	38,521
	37,975	38,521
Liabilities from finance leases	6,365	6,508
Pensions and similar commitments	54,189	55,147
Other provisions	3,006	3,086
Other financial liabilities	449	515
Other payables	3,268	2,590
	105,252	106,367
CURRENT LIABILITIES		
Trade payables	9,395	12,993
Financial liabilities		
Liabilities to banks	10,140	10,276
	10,140	10,276
Liabilities from finance leases	281	294
Other provisions	5,499	5,525
Current income tax liabilities	50	2,697
Other financial liabilities		
Liabilities pursuant to hospital financing law	3,020	5,031
Other liabilities	5,613	4,123
	8,633	9,154
Other payables	23,780	18,193
	57,778	59,132
	349,221	347,063

Consolidated interim profit and loss account

In thousands of €	January – June 2017	January – June 2016	April – June 2017	April – June 2016
Sales	298,923	289,162	151,835	147,280
Other operating income	6,518	3,906	3,696	1,972
Total operating performance	305,441	293,068	155,531	149,252
Raw materials and consumables used				
a) Cost of raw materials and supplies	-31,956	-32,060	-15,601	-16,537
b) Cost of purchased services	-23,131	-21,512	-11,870	-10,617
	-55,087	-53,572	-27,471	-27,154
Staff costs				
a) Wages and salaries	-156,277	-146,219	-77,524	-71,999
b) Social security, pension and retirement	-26,646	-24,823	-14,043	-13,030
	-182,923	-171,042	-91,567	-85,029
Other operating expenses	-51,726	-50,025	-25,244	-25,004
Result before interest, taxes, depreciation and amortisation / EBITDA	15,705	18,429	11,249	12,065
Depreciation and amortisation	-10,082	-9,330	-5,149	-4,665
Operating result / EBIT	5,623	9,099	6,100	7,400
Financial result				
a) Income from participations	0	26	0	0
b) Interest and similar income	184	14	179	9
c) Interest and similar expenses	-1,127	-1,432	-574	-707
	-943	-1,392	-395	-698
Result before tax	4,680	7,707	5,705	6,702
Taxes on income	-865	-1,395	-1,045	-1,243
Total consolidated result	3,815	6,312	4,660	5,459
Thereof attributable to shareholders of MediClin AG	3,792	6,287	4,623	5,433
Thereof attributable to non-controlling interests	23	25	37	26
Total consolidated result attributable to shareholders of MediClin AG per share				
Undiluted (in €)	0.08	0.13	0.10	0.11
Diluted (in €)	0.08	0.13	0.10	0.11

Consolidated interim statement of comprehensive income

In thousands of €	January – June 2017	January – June 2016	April – June 2017	April – June 2016
Total consolidated result	3,815	6,312	4,660	5,459
Other comprehensive income				
Revaluation from defined benefit plans and similar obligations	964	-7,971	964	-2,989
Taxes on income	-152	1,262	-152	473
Additions to value adjustments that are not reconciled to the total consolidated result	812	-6,709	812	-2,516
Thereof attributable to shareholders of MediClin AG	805	-6,653	805	-2,495
Thereof attributable to non-controlling interests	7	-56	7	-21
Additions to value adjustments that are reconciled to the total consolidated result	0	0	0	0
Group comprehensive income	4,627	-397	5,472	2,943
Thereof attributable to shareholders of MediClin AG	4,597	-366	5,428	2,938
Thereof attributable to non-controlling interests	30	-31	44	5

Consolidated cash flow statement

In thousands of €	January – June 2017	January – June 2016
Operating result (EBIT)	5,623	9,099
Result of finance activities	-943	-1,392
Result of income taxes	-865	-1,395
Total consolidated result	3,815	6,312
Depreciation on fixed asset items	10,082	9,330
Interest expenses / interest income / income from participations	943	1,392
Taxes on income	865	1,395
Change in deferred taxes	-110	-1,621
Change in non-current provisions	-1,430	7,683
Change in current provisions	-36	113
Result from the disposal of fixed asset items	-126	-12
Result from other non-cash items	812	-6,709
Change in non-current income tax claims	0	-3
Change in current income tax claims	1	0
Change in other current assets	-13,362	-13,654
Change in other non-current liabilities	646	46
Change in other current liabilities	410	4,993
Payments received from interest and participations	183	38
Income taxes paid	-3,730	-3,431
Cash flow from operating activities	-1,037	5,872
Payments received from the disposal of fixed assets	787	54
From the disposal of property, plant and equipment	787	54
Payments received from investment subsidies	1,399	3,503
Cash used for investments in fixed assets	-19,328	-13,206
From corporate acquisitions less acquired cash and cash equivalents	-2,719	0
In intangible assets	-2,747	-624
In property, plant and equipment	-13,862	-12,582
Cash flow from investing activities	-17,142	-9,649
Repayment of financial liabilities	-1,186	-3,840
Interest paid	-423	-356
Cash flow from financing activities	-1,609	-4,196
Cash flow for the period	-19,788	-7,973
Cash and cash equivalents at the beginning of the period	41,648	29,532
Cash and cash equivalents at the end of the period	21,860	21,559

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 01.01.2016	47,500	129,392	-18,029	10,625	169,488	-349	169,139
Total consolidated result	-	-	-	6,287	6,287	25	6,312
Other comprehensive income	-	-	-6,653	-	-6,653	-56	-6,709
Group comprehensive income	-	-	-6,653	6,287	-366	-31	-397
As of 30.06.2016	47,500	129,392	-24,682	16,912	169,122	-380	168,742

In thousands of €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Shares MediClin Group	Non-controlling interests	Total equity
As of 01.01.2017	47,500	129,392	-22,172	27,172	181,892	-328	181,564
Total consolidated result	-	-	-	3,792	3,792	23	3,815
Other comprehensive income	-	-	805	-	805	7	812
Group comprehensive income	-	-	805	3,792	4,597	30	4,627
As of 30.06.2017	47,500	129,392	-21,367	30,964	186,489	-298	186,191

Other information

General information

The unaudited consolidated interim financial statements of MEDICLIN Aktiengesellschaft for the first six months of the 2017 financial year were prepared in accordance with International Accounting Standard (IAS) 34. In the interim report, the Group principally applied the same accounting policies as in the consolidated financial statements for the 2016 financial year. It should thus be read in conjunction with the Annual Report published by the Group for the 2016 financial year and the interim report for the first quarter of 2017. The discount rate for pension obligations pursuant to IAS 19 forms an exception. It stood at 1.9 % as of 30 June 2017 (31.03.2017: 1.8 %; 31.12.2016: 1.8 %).

Corporate acquisitions

MediClin acquired all shares in Fachklinik Zwieselberg GmbH in Freudenstadt, a clinic specialised in addictive disorders. The acquisition took effect on 1 May 2017. The specialist clinic has 38 therapy places and 20 employees. This takeover supplements MediClin's regional offering with a specialist clinic for treating specific addictions. The acquisition was recognised using the purchase method of accounting. Pursuant to IFRS 3.53, the costs associated with the acquisitions were booked as expenses.

The acquired book values correspond to the preliminary fair values of the identifiable assets and liabilities and are shown as follows at the time of acquisition:

ACQUISITION OF FACHKLINIK ZWIESELBERG GMBH

In thousands of €	01.05.2017
Acquired assets	
Property, plant and equipment	26
Inventories	3
Trade receivables	63
Cash and cash equivalents	31
Other assets	7
	130
Acquired liabilities	
Provisions	26
Trade payables	8
Other liabilities	7
	41
Net assets	89
+ Goodwill	61
Outflow of cash	150
– Assumed liquid assets	31
Cash outflow from the transaction	119

Goodwill from the acquisition primarily represents opportunities for generating revenue as well as the expected cost savings from synergy effects.

Another acquisition became effective on 1 May 2017, i.e. the acquisition of AWO Rehabilitationsklinik Bad Münder, the facilities of which are located directly next to the MediClin Deister Weser Kliniken and the MediClin Seniorenresidenz Deister Weser.

MediClin thus acquired a modern clinic covering the specialist fields of oncology (head/neck tumor) as well as the specialist fields of urology and nephrology. It has 140 beds and employs currently 53 employees. The acquisition benefits both facilities at the Bad Münder site. The Company expects savings from shared services (e.g. site management and energy supply) and synergy effects resulting from the transfer of resources and know-how.

The acquisition was effected by way of an asset deal. MediClin Betriebs GmbH, Offenburg, acquired all the intangible assets and movable property, plant and equipment. It took over operations. The clinic is managed as a separate operating location. The real estate required for operational purposes was acquired by MediClin GmbH & Co. KG, Offenburg, who lets them to MediClin Betriebs GmbH. No receivables or liabilities were acquired under the deal. An expert report was commissioned in order to determine the fair values of the operating properties. As the report has not yet been completed, it is not possible to make a preliminary purchase price allocation. After consolidation, the acquired operating location generated sales in the amount of about EUR 0.7 mill. and a balanced operating result in the months of May and June 2017. Income and expenses are included in the consolidated interim result.

EU endorsement

In the first six months of 2017, 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 18 May 2017 the International Accounting Standards Board (IASB) published IFRS 17 "Insurance Contracts". The standard deals with the recognition of assets and liabilities resulting from insurance contracts in IFRS financial statements. IFRS 17 applies to insurance contracts and reinsurance contracts issued as well as any reinsurance contracts held. The other assets and liabilities of insurers are subject to the relevant standards to be applied under IASs/IFRSs. IFRS 17 aims at making the financial statements of insurers more transparent and comparable. IFRS 17 does not apply to the accounting of the insured parties. The standard must be applied for the first time for financial years beginning on or after 1 January 2021. The standard is of no relevance to MediClin.

On 7 June 2017 the IFRS Interpretations Committee (IFRIC) published IFRIC 23 "Uncertainty over Income Tax Treatments". The treatment of certain circumstances and transactions under tax law may depend on the future recognition by the fiscal authorities or court. IAS 12 "Income Taxes" governs the accounting of actual and deferred taxes. IFRIC 23 supplements the regulations in IAS 12, clarifying how to treat uncertainties over the income tax treatment of circumstances and transactions. IFRIC 23 must be first applied for

financial years beginning on or after 1 January 2019. Premature adoption is admissible. IFRIC 23 will have no material effect on the consolidated financial statements of MediClin.

Annual General Meeting resolutions from 31 May 2017

- The carrying forward of the balance sheet profit of the MediClin AG as of 31 December 2016 of EUR 36,107,443.99 to the new accounting period
- The approval of the acts of the Management Board and Supervisory Board for the 2016 financial year
- The election of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as auditor and Group auditor for the 2017 financial year
- By-election of Supervisory Board Member (shareholder representative) Ms Barbara Brosius, self-employed consultant and supervisory board member of Asklepios Kliniken Gesellschaft mit beschränkter Haftung and Asklepios Kliniken Verwaltungsgesellschaft mbH, as the successor of Ms Irmtraut Gürkan

Subsequent events

There have been no occurrences or events of particular significance which MediClin believes could have a material impact on the Group's net assets, financial position and results of operations between the cut-off date and the preparation of these financial statements.

Responsibility statement by the Management Board

We assure to the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, that the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

MEDICLIN Aktiengesellschaft

Offenburg, 4 August 2017

The Management Board

Quarterly development in the Group

In millions of €	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Sales	151.8	147.1	145.1	146.0	147.3	141.9
EBITDAR	23.0	16.2	22.8	25.0	23.6	17.9
EBITDAR margin in %	15.2	11.0	15.7	17.2	16.0	12.6
EBITDA	11.2	4.5	11.3	13.5	12.0	6.4
EBITDA margin in %	7.4	3.0	7.8	9.3	8.2	4.5
EBIT (operating result)	6.1	-0.5	6.2	8.7	7.4	1.7
EBIT margin in %	4.0	-0.3	4.3	6.0	5.0	1.2
Financial result	-0.4	-0.5	-0.9	-0.8	-0.7	-0.7
Result attributable to shareholders of MediClin AG	4.6	-0.8	4.0	6.2	5.4	0.9
Earnings per share in €	0.10	-0.02	0.08	0.13	0.11	0.02
Cash flow from operating activities	-0.3	-0.7	8.0	16.0	1.3	4.6
Cash flow from operating activities per share in €	-0.01	-0.01	0.17	0.33	0.03	0.10
Equity ratio in %	53.3	51.7	52.3	49.0	50.0	49.0
Gross capital expenditure	9.4	11.2	9.9	4.5	6.6	7.1
Net financial debt	26.3	17.4	7.1	8.6	21.8	18.6
Number of cases (inpatient)	31,061	30,202	29,893	30,694	31,061	29,779
Number of beds (end of quarter)	8,268	8,084	8,084	8,050	8,050	8,050
Occupancy rates in %	89.1	88.2	86.5	88.7	90.3	86.2
Number of full-time employees (quarterly average)	6,921	6,800	6,785	6,666	6,587	6,558

Key data on the MediClin share

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

In € per share	H1 2017	H1 2016
Earnings, undiluted/diluted	0.08	0.13
Cash flow from operating activities	-0.02	0.12
Book value ¹ as of 30.06.	3.93	3.56
Share price as of 30.06.	5.700	5.330
52-weeks high	6.010	-
52-weeks low	5.160	-
Market capitalisation as of 30.06. in millions of €	270.8	253.2
Number of shares in millions	47.50	47.50

¹ Equity less non-controlling interests
Source: Deutsche Börse AG; Xetra/as of 03.07.2017

Financial calendar

22 FEBRUARY 2017

Disclosure of the preliminary figures
for the 2016 financial year

30 MARCH 2017

Annual press and analysts' conference
for the 2017 financial year

5 MAY 2017

Publication of the interim report
from 1 January 2017 to 31 March 2017

31 MAY 2017

Annual General Meeting

4 AUGUST 2017

Publication of the interim report
from 1 January 2017 to 30 June 2017

8 NOVEMBER 2017

Publication of the interim report
from 1 January 2017 to 30 September 2017

Addresses and imprint

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This Interim Report is also available in German. Dieser Zwischenbericht liegt auch in deutscher Sprache vor.

This is a translation of the German Interim Report. In case of divergence from the German version, the German version shall prevail.

