

MediClin integrates.



Interim report of MEDICLIN Aktiengesellschaft

for the period from 1 January 2017 to 31 March 2017

Key data on business development in the Group

	Q1 2017	Q1 2016	Change in %
Number of shares in millions	47.5	47.5	0.0
Number of cases (inpatient)	30,265	29,779	+1.6
Number of beds as of 31.03.	8,084	8,050	+0.4
Occupancy rates in %	88.3	86.2	
Number of full-time employees (average number)	6,800	6,558	+3.7

In millions of €	Q1 2017	Q1 2016	Change in %
Cash flow from operating activities	-0.7	4.6	-115.5
Cash flow from operating activities per share in €	-0.01	0.10	-115.5
Sales	147.1	141.9	+3.7
EBITDAR	16.2	17.9	-9.3
EBITDAR margin in %	11.0	12.6	
EBITDA	4.5	6.4	-30.0
EBITDA margin in %	3.0	4.5	
EBIT (operating result)	-0.5	1.7	-128.1
EBIT margin in %	-0.3	1.2	
Financial result	-0.5	-0.7	+21.2
Total consolidated result attributable to shareholders of MediClin AG	-0.8	0.9	-197.3
Earnings per share in €	-0.02	0.02	-197.3
Gross capital expenditure	11.2	7.1	+57.5
Thereof subsidies	1.8	0.9	+108.4
Interest coverage factor (EBITDA/interest result)	8.1x	8.8x	

In millions of €	31.03.2017	31.12.2016	Change in %
Balance sheet total	349.8	347.1	+0.8
Equity	180.7	181.6	-0.5
Equity ratio in %	51.7	52.3	
Return on equity in % ¹	8.2	9.1	
Financial liabilities (to banks)	48.4	48.8	-0.7
Cash and cash equivalents	30.0	41.6	-25.4
Net debt	17.4	7.1	+143.1
Net debt/EBITDA ²	0.4x	0.2x	

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 2017 to 31 March 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 quarter of 2017

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

In the first quarter of 2017, Group sales of EUR 147.1 mill. were EUR 5.2 mill. or 3.7% higher than in the comparable prior-year quarter. The post-acute segment recorded a sales increase of EUR 4.4 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 2016 continued in the first quarter of the new financial year.

Group EBIT amounted to EUR –0.5 mill. and was thus EUR 2.2 mill. lower than the previous year's value. The main reason for the decline in earnings compared to the first quarter of 2016 is a marked rise in staff costs.

In the first quarter of 2017, the development of the post-acute segment is in line with the guidance. Regarding the forecast for the acute segment, it is to be seen what effect the introduced measures will have in the coming months.

Gross investments amounted to EUR 11.2 mill. in the first quarter of the 2017 financial year (Q1 2016: EUR 7.1 mill.), pertaining mainly to the reconstruction and expansion of clinics and the acquisition of medical equipment. Capital expenditure is thus in line with the annual budget. Cash and cash equivalents as of 31 March 2017 amounted to EUR 31.0 mill. (31.12.2016: EUR 41.6 mill.).

No changes have occurred regarding opportunities and risks in the first quarter of the 2017 financial year compared to the information published in the 2016 Annual Report. Please refer to the risk and opportunity report, page 48.

Results of operation, financial position and net assets

Results of operation

SALES AND EARNINGS PERFORMANCE OF THE GROUP

In millions of €	Q1 2017	Q1 2016
Group sales	147.1	141.9
Raw materials and consumables used	27.6	26.4
Cost of materials ratio in %	18.8	18.6
Staff costs	91.4	86.0
Staff costs ratio in %	62.1	60.6
Depreciation and amortisation	4.9	4.7
Other operating expenses	26.5	25.0
Group operating result	-0.5	1.7

Group sales in the first quarter of the 2017 financial year were EUR 5.2 mill. or 3.7% above the previous year's value. Raw materials and consumables used increased by EUR 1.2 mill. (+4.5%) and staff costs by EUR 5.3 mill. (+6.2%), which was mainly due to a higher number of employees (+242 full-time employees). The increase in depreciation and amortisation and other operating expenses was in line with expectations. The rise in raw materials and consumables used and, in particular, in staff costs led to an operating result of EUR -0.5 mill., equalling a EUR 2.2 mill. decrease compared to the previous year.

The financial result was moderately better at EUR -0.5 mill., mainly due to lower interest and similar expenses.

The total consolidated result attributable to shareholders of MEDICLIN Aktiengesellschaft was EUR -0.8 mill. (Q1 2016: EUR 0.9 mill.). Earnings per share came to EUR -0.02 (Q1 2016: 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 2017	Q1 2016
Cash flow from operating activities	-0.7	4.6
Thereof total consolidated result	-0.8	0.9
Cash flow from investing activities	-9.1	-5.4
Cash flow from financing activities	-0.8	-3.8
Cash flow for the period	-10.6	-4.6
Cash and cash equivalents at the beginning of the period	41.6	29.5
Cash and cash equivalents at the end of the period	31.0	24.9

The cash flow for the period results primarily from the cash flow from investing activities, which amounted to EUR -9.1 mill. (Q1 2016: EUR -5.4 mill.). EUR 9.7 mill. thereof was invested in property, plant and equipment (Q1 2016: EUR 6.4 mill.), while payments received from investment subsidies amounted to EUR 0.3 mill. (Q1 2016: EUR 1.2 mill.).

BALANCE SHEET STRUCTURE

In millions of €	31.03.2017	In % of balance sheet total	31.12.2016	In % of balance sheet total
Assets				
Non-current assets	223.6	63.9	219.3	63.2
Current assets	126.2	36.1	127.8	36.8
	349.8	100.0	347.1	100.0
Equity and liabilities				
Equity	180.7	51.7	181.6	52.3
Non-current liabilities	106.0	30.3	106.4	30.7
Current liabilities	63.1	18.0	59.1	17.0
	349.8	100.0	347.1	100.0

The balance sheet total has increased by EUR 2.7 mill. since 31 December 2016.

Non-current assets rose by EUR 4.3 mill., with property, plant and equipment increasing by EUR 3.8 mill. Deferred tax assets increased by EUR 0.2 mill.

Current assets decreased by EUR 1.6 mill. This is due primarily to a EUR 10.6 mill. reduction in cash and cash equivalents, a EUR 5.2 mill. increase in trade receivables and a EUR 2.7 mill. rise in advance payments made. On the equity and liabilities side of the balance sheet, the total consolidated result reduced equity by EUR 0.9 mill.

Non-current liabilities are slightly below the level of 31 December 2016.

The EUR 4.0 mill. increase in current liabilities is a result of the EUR 10.1 mill. rise in other payables and the simultaneous decrease in trade payables by EUR 4.6 mill. Other payables mainly refer to staff-related liabilities. Liabilities pursuant to hospital financing law dropped by EUR 1.5 mill.

Segment reporting

SALES

In millions of €	Q1 2017	Q1 2016	Change in %
Post-acute	88.1	83.7	+ 5.3
Acute	54.3	53.7	+ 1.2
Other activities and reconciliation	4.7	4.5	+ 3.9
Thereof nursing care business area	3.8	3.6	+ 4.8
Group	147.1	141.9	+ 3.7

Sales in the post-acute segment were EUR 4.4 mill. higher than in the same period of the previous year. Based on indications a higher occupancy especially in neurology, acute neurology, geriatrics and orthopaedics contributed to sales growth. The positive sales development of the segment is also founded on the ability that MediClin could recruit qualified staff despite skills shortage in the healthcare market.

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. based on an improvement of the occupancy rate.

RAW MATERIALS AND CONSUMABLES USED

	Q1 2017	Q1 2016	Change in %
Post-acute			
Raw materials and consumables used in millions of €	18.5	17.9	+2.9
Cost of materials ratio in %	20.9	21.4	
Acute			
Raw materials and consumables used in millions of €	14.8	14.2	+4.1
Cost of materials ratio in %	27.2	26.5	

STAFF COSTS

	Q1 2017	Q1 2016	Change in %
Post-acute			
Staff costs in millions of €	47.2	44.7	+5.6
Staff costs ratio in %	53.5	53.4	
Acute			
Staff costs in millions of €	31.6	28.8	+9.7
Staff costs ratio in %	58.2	53.7	

SEGMENT RESULTS

In millions of €	Q1 2017	Q1 2016	Q1 2016 pro forma
Post-acute	0.7	1.8	0.4
Acute	-0.9	2.1	1.3
Other activities and reconciliation	-0.3	-2.2	0.0
Group	-0.5	1.7	1.7

In the post-acute segment the segment result (pro forma) could be improved due to a disproportionately low increase in raw materials and consumables used compared to sales growth despite increased staff costs because of a higher number of employees (+ 112 full-time employees). The segment EBIT margin was 0.8% (Q1 2016 pro forma figure: 0.5%).

In the acute segment, an increase in raw materials and consumables used and, in particular, higher staff costs also due to a higher number of employees (+81 full-time employees) meant that the segment result came in below the previous year's figure. The segment EBIT margin was - 1.7% (Q1 2016 pro forma figure: 2.6%).

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 276 trainees in the first quarter of 2017 (Q1 2016: 247 trainees).

AVERAGE NUMBER OF EMPLOYEES IN THE GROUP AND IN THE SEGMENTS

Shown in full-time employees	Q1 2017	Q1 2016	Change
Post-acute	3,556	3,444	+ 112
Acute	2,043	1,962	+ 81
Other activities	1,201	1,152	+ 49
Thereof nursing care business area	194	187	+ 7
Thereof service business area (including administration)	1,007	965	+ 42
Group	6,800	6,558	+ 242

Report concerning related parties

Business relations to related parties were the same in the first quarter of 2017 as those to the parties and companies listed in the 2016 Annual Report. Business relations to related parties are handled at normal market conditions and amount to the following:

In millions of €	Q1 2017	Q1 2016
Income		
Sales from post-acute, acute and nursing care services	0.5	0.6
Real estate management income	0.1	0.1
Pension payments of MAUK ¹	0.2	0.2
Service contracts	0.1	0.1
Expenses		
Lease expenses ²	11.2	11.0
Real estate management costs	0.2	0.2
Insurance premiums	0.4	0.4
Service contracts	2.0	1.9
Remuneration for key management personnel	0.5	0.9
Payments to MAUK ¹	0.2	0.2
EDP services	0.5	0.5
Other purchased goods and services	0.1	0.2

In millions of €	31.03.2017	31.12.2016
Receivables		
Repayment claims from preliminary financing of clinic expansion and 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 payments	0.2	0.1
Provisions for remuneration for key management personnel	0.8	0.6

¹ Mitarbeiterunterstützungskasse der vereinigten Klinikbetriebe (MAUK)

² Lease expenses include EUR 11.0 mill. (Q1 2016: EUR 10.9 mill.) in rental payments to OIK-Immobilienfonds; for more details see next page.

EUR 0.7 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.

MEDICLIN Aktiengesellschaft

Offenburg, 5 May 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 31 March 2017

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Consolidated interim balance sheet as of 31 March 2017

ASSETS		
In thousands of €	31.03.2017	31.12.2016
NON-CURRENT ASSETS		
Goodwill and other intangible assets		
Concessions, licences	2,176	2,103
Goodwill	48,574	48,574
Payments on account	1,621	1,500
	52,371	52,177
Property, plant and equipment		
Land, land rights and buildings including buildings on third-party land	104,152	106,217
Technical equipment and machines	11,832	12,069
Operating and office equipment	38,786	38,527
Payments on account and assets under construction	10,641	4,798
	165,411	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	4,536	4,303
	223,556	219,329
CURRENT ASSETS		
Inventories	6,793	6,270
Trade receivables	76,382	71,138
Current income tax claims	74	75
Other financial assets		
Receivables pursuant to hospital financing law	3,698	3,362
Other current financial assets	4,227	4,006
	7,925	7,368
Other assets	3,976	1,235
Cash and cash equivalents	31,051	41,648
	126,201	127,734
	349,757	347,063

EQUITY AND LIABILITIES

In thousands of €	31.03.2017	31.12.2016
EQUITY		
Shares MediClin Group		
Subscribed capital	47,500	47,500
Capital reserve	129,392	129,392
Revenue reserve	-22,172	-22,172
Consolidated balance sheet result	26,341	27,172
	181,061	181,892
Non-controlling interests	-342	-328
	180,719	181,564
NON-CURRENT LIABILITIES		
Financial liabilities		
Liabilities to banks	38,251	38,521
	38,251	38,521
Liabilities from finance leases	6,437	6,508
Pensions and similar commitments	55,150	55,147
Other provisions	2,978	3,086
Other financial liabilities	515	515
Other payables	2,635	2,590
	105,966	106,367
CURRENT LIABILITIES		
Trade payables	8,442	12,993
Financial liabilities		
Liabilities to banks	10,182	10,276
	10,182	10,276
Liabilities from finance leases	283	294
Other provisions	5,371	5,525
Current income tax liabilities	2,137	2,697
Other financial liabilities		
Liabilities pursuant to hospital financing law	3,543	5,031
Other liabilities	4,834	4,123
	8,377	9,154
Other payables	28,280	18,193
	63,072	59,132
	349,757	347,063

Consolidated interim profit and loss account

In thousands of €	Jan. – March 2017	Jan. – March 2016
Sales	147,088	141,882
Other operating income	2,823	1,934
Total operating performance	149,911	143,816
Raw materials and consumables used		
a) Cost of raw materials and supplies	–16,355	–15,523
b) Cost of purchased services	–11,261	–10,895
	–27,616	–26,418
Staff costs		
a) Wages and salaries	–78,753	–74,220
b) Social security, pension and retirement	–12,603	–11,793
	–91,356	–86,013
Other operating expenses	–26,482	–25,021
Result before interest, taxes, depreciation and amortisation/EBITDA	4,457	6,364
Depreciation and amortisation	–4,934	–4,665
Operating result/EBIT	–477	1,699
Financial result		
a) Income from participations	0	26
b) Interest and similar income	6	5
c) Interest and similar expenses	–553	–725
	–547	–694
Result before tax	–1,024	1,005
Taxes on income	180	–152
Total consolidated result	–844	853
Thereof attributable to shareholders of MediClin AG	–830	854
Thereof attributable to non-controlling interests	–14	–1
Total consolidated result attributable to shareholders of MediClin AG per share		
Undiluted (in €)	–0.02	0.02
Diluted (in €)	–0.02	0.02

Consolidated statement of comprehensive income

In thousands of €	Jan. – March 2017	Jan. – March 2016
Total consolidated result	-844	853
Other comprehensive income		
Revaluation from defined benefit plans and similar obligations	0	-4,981
Taxes on income	0	788
Additions to value adjustments that are not reconciled to the total consolidated result	0	-4,193
Thereof attributable to shareholders of MediClin AG	0	-4,158
Thereof attributable to non-controlling interests	0	-35
Additions to value adjustments that are reconciled to the total consolidated result	0	0
Group comprehensive income	-844	-3,340
Thereof attributable to shareholders of MediClin AG	-830	-3,304
Thereof attributable to non-controlling interests	-14	-36

Consolidated cash flow statement

In thousands of €	Jan. – March 2017	Jan. – March 2016
Operating result (EBIT)	-477	1,699
Result of finance activities	-547	-694
Result of income taxes	180	-152
Total consolidated result	-844	853
Depreciation on fixed asset items	4,934	4,665
Interest expenses/interest income/income from participations	547	694
Taxes on income	-180	152
Change in deferred taxes	-234	-1,114
Change in non-current provisions	-301	5,068
Change in current provisions	-154	-49
Result from the disposal of fixed asset items	-75	-7
Result from other non-cash items	0	-4,193
Changes in non-current income tax claims	0	-2
Changes in current income tax claims	1	0
Changes in other current assets	-7,641	-11,081
Changes in other non-current liabilities	29	35
Changes in other current liabilities	3,775	9,680
Payments received from interest and participations	5	29
Income taxes paid	-572	-155
Cash flow from operating activities	-710	4,575
Payments received from the disposal of fixed assets	687	46
From the disposal of property, plant and equipment	687	46
Payments received from investment subsidies	288	1,241
Cash used for investments in fixed assets	-10,077	-6,658
In intangible assets	-370	-254
In property, plant and equipment	-9,707	-6,404
Cash flow from investing activities	-9,102	-5,371
Repayment of financial liabilities	-596	-3,565
Interest paid	-188	-209
Cash flow from financing activities	-784	-3,774
Cash flow for the period	-10,596	-4,570
Cash and cash equivalents at the beginning of the period	41,648	29,532
Cash and cash equivalents at the end of the period	31,052	24,962

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	-	-	-	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

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	-	-	-	-831	-831	-14	-845
Other comprehensive income	-	-	0	-	0	0	0
Group comprehensive income	-	-	0	-831	-831	-14	-845
As of 31.03.2017	47,500	129,392	-22,172	26,341	181,061	-342	180,719

Other information

General information

The unaudited consolidated interim financial statements of MEDICLIN Aktiengesellschaft for the first quarter of the 2017 financial year were prepared in accordance with International Accounting Standard (IAS) 34. The same accounting policies used in the consolidated financial statements for the 2016 financial year were also applied in this interim report. The interim report should therefore be read in conjunction with the Company's 2016 Annual Report. The discount rate for pension obligations pursuant to IAS 19 stood at 1.8 % unchanged compared to 31 December 2016.

Subsequent events

MEDICLIN Aktiengesellschaft (MediClin) has taken over the rehabilitation clinic AWO Rehabilitationsklinik Bad Münde as of 1 May 2017. AWO Rehabilitationsklinik is located in the direct vicinity of MediClin Deister Weser Kliniken and the MediClin Senioren-residenz Deister Weser nursing home. It generated sales of approximately EUR 6 mill. in 2016. Also as of 1 May 2017 MediClin has taken over the operation of Fachklinik Zwieselberg GmbH in Freudenstadt, a specialist clinic for dependency disorders. The specialist clinic offers 38 therapy places and employs 20 staff members. MediClin will broaden its regional services through this take over by a specialist clinic offering care for specific dependency disorders.

MEDICLIN Aktiengesellschaft

Offenburg, 5 May 2017

The Management Board

Share indicators

ISIN: DE0006595101; WKN: 659 510; TICKER: MED

In € per share	Q1 2017	Q1 2016
Earnings, undiluted/diluted	-0.02	0.02
Cash flow from operating activities	-0.01	0.10
Book value ¹ as of end of quarter	3.81	3.50
Share price as of end of quarter	5.620	4.950
52-weeks high	6.010	-
52-weeks low	4.645	-
Market capitalisation as of end of quarter in millions of €	267.0	235.1
Number of shares in millions	47.5	47.5

¹ Equity less non-controlling interests
Source: Deutsche Börse AG; Xetra/as of 21.04.2017

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 2016 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

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