



CONSOLIDATED INTERIM REPORT

*H1 2017
Asklepios Kliniken GmbH,
Hamburg*



*1 January –
30 June 2017*

*in accordance with International
Financial Reporting Standards*

CONTENTS

3	<i>Foreword by the group management</i>
4	<i>Group key figures</i>
5	<i>Interim Group management report (unaudited)</i>
13	<i>Consolidated interim financial statements as at 30 June 2017 (unaudited)</i>
13	<i>Consolidated income statement</i>
14	<i>Consolidated statement of comprehensive income</i>
15	<i>Consolidated statement of cash flows</i>
16	<i>Consolidated statement of financial position</i>
18	<i>Statement of changes in consolidated equity</i>
19	<i>Notes to the consolidated financial statements</i>

FOREWORD BY THE GROUP MANAGEMENT

Ladies and gentlemen,

In the first half of 2017, the Asklepios Group continued to pursue its excellence strategy. With increasingly individualised and innovative solutions, we can be an excellent service provider for our patients in order to implement performance increases across all medical fields. We see this as proof of the effectiveness of our Group-wide excellence strategy.

The main business indicators show a generally stable development in the first six months of 2017. Compared to the previous year, we achieved moderate revenue growth of 0.6% to EUR 1,619.9 million, with a slight decrease of 0.9% in the number of patients treated to 1,141,821. The financial performance in comparison to the same period of the previous year was rather

more moderate, with EBITDA declining by 5.7% to EUR 169.4 million. The EBITDA margin accordingly fell from 11.1% in the previous year to 10.5%, although it improved in comparison to the first quarter of 2017.

Based on these key figures and the Asklepios Group's stable financial position, we are maintaining our forecast for the business performance in 2017 as a whole. Over the remainder of the year, we will focus on adequate profitability and sustainable business development while also continuing to make high investments in medical innovations and in our employees. In doing so, we will always let ourselves be guided by our fundamental values of quality, innovation and social responsibility.



Kai Hankeln



Dr. Thomas Wolfram



Hafid Rifi



Marco Walker

GROUP KEY FIGURES

Group key figures	6 months 2017	6 months 2016	Change
Number of patients	1,141,821	1,152,425	-0.9%
Valuation ratio	298,977	303,600	-1.5%
Number of beds	26,885	26,584	1.1%
Employees (full-time equivalents)	34,894	34,709	0.5%

EUR million	6 months 2017	6 months 2016	Change
Net cash from operating activities	96.8	150.7	-35.8%
Revenue	1,619.9	1,610.8	0.6%
EBITDAR¹	197.4	207.2	-4.7%
<i>EBITDAR margin in %</i>	12.2	12.9	
EBITDA	169.4	179.6	-5.7%
<i>EBITDA margin in %</i>	10.5	11.1	
EBIT	104.9	119.2	-12.0%
<i>EBIT margin in %</i>	6.5	7.4	
Consolidated interim income	79.7	83.7	-4.8%
<i>Return on sales in %</i>	4.9	5.2	
Investments in property, plant and equipment and intangible assets (own funds) ²	71.4	62.1	15.1%
<i>Own funds ratio in %</i>	70.4	62.7	

EUR million	30 June 2017	31 Dec. 2016	Change
Total assets	3,626.7	3,460.8	4.8%
Equity	1,327.5	1,273.4	4.3%
<i>Equity ratio in %</i>	36.6	36.8	
<i>Return on equity in %³</i>	14.2	15.1	
Financial liabilities	1,069.9	980.9	9.1%
Cash and cash equivalents	419.2	456.6	-8.2%
Net debt	-650.7	-524.3	24.1%
Net debt/EBITDA ⁴	1.7	1.3	
Interest coverage factor (EBITDA/interest result) ⁵	10.6	10.3	

¹ Earnings before financial result, taxes and depreciation and amortisation

² In relation to the preceding twelve months

³ In relation to the preceding twelve months

⁴ EBITDA of the preceding twelve months

⁵ As at 30 June of the current year

INTERIM GROUP MANAGEMENT REPORT

A. DEVELOPMENT IN FIRST HALF OF 2017

In the period from January to June 2017, the hospitals and medical facilities of the Asklepios Group cared for a total of 1,141,821 patients, 0.9 % fewer than in the same period of the previous year (6M 2016: 1,152,425). Revenue increased slightly by 0.6 % to a total of EUR 1,619.9 million.

EBITDA amounted to EUR 169.4 million in the first half of 2017, down 5.7 % on the same period of the previous year (6M 2016: EUR 179.6 million). The operating EBITDA margin was 10.5% (6M 2016: 11.1%). The cost of materials ratio remained stable in the second quarter of 2017 at 21.6 % (6M 2016: 21.4 %). However, the staff costs ratio climbed to 65.1% (6M 2016: 64.1%), while the other expenses ratio (not including rental expenditure) was below the previous year's level at 7.7% (6M 2016: 8.0%). In the first half of 2017, earnings were negatively impacted in the amount of a mid-eight-figure sum by extraordinary effects on risk provisions in relation to the changed regulatory environment.

In total, consolidated interim income for January to June 2017 amounted to EUR 79.7 million (6M 2016: EUR 83.7 million), corresponding to a return on sales of 4.9% (6M 2016: 5.2%).

In the second quarter of 2017, net cash flow from operating activities amounted to EUR 96.8 million (6M 2016: EUR 150.7 million) and was thus down 35.8% year on year. Gross investments amounted to EUR 101.4 million in the period under review (6M 2016: EUR 99.0 million) and the proportion of own funds was 70.4% (6M 2016: 62.7%).

The Asklepios Group's financial position is stable. As at 30 June 2017, the Group's net debt amounted to EUR 650.7 million (31 December 2016: EUR 524.3 million). The debt ratio came to 1.7 times EBITDA (31 December 2016: 1.3 times). The equity ratio of 36.6% was slightly lower than at the end of 2016 (31 December 2016: 36.8%). Cash and cash equivalents amounted to EUR 419.2 million and unused credit facilities to EUR 421.2 million as of 30 June 2017 (31 December 2016: EUR 460.5 million). The Group thus has sufficient financial resources to fund further corporate growth.

B. GENERAL ECONOMIC CONDITIONS

The German economy made a good start to 2017. According to information from the German Federal Ministry for Economic Affairs and Energy (BMWi), gross domestic product rose by 0.6% compared to the fourth quarter of 2016 after adjustment for price changes and calendar and seasonal effects. The positive development of the labour market is continuing to act as an important driving force. Employment in general and employment subject to social security contributions are rising further, with the effect that a reduced unemployment rate of 5.8% was recorded in April 2017. The BMWi expects the upturn on the German economy to continue at a solid pace in the months ahead.¹

In its annual projection for 2017, the German federal government anticipates a 1.4% increase in gross domestic product after

adjustment for price changes. The decline of 0.5 percentage points compared to 2016 is attributable primarily to the effect of there being fewer working days than in the previous year. Favourable conditions for growth in private consumer spending and government investment and consumption support continued growth in the Federal Republic of Germany.²

The Group management still expects that the general economic development in 2017 will have no material effect on the Asklepios Group's business.

¹ German Federal Ministry for Economic Affairs and Energy (2017), Economic Policy Highlights. Monthly report for June 2017, p.56, p.60 et seq

² German Federal Ministry for Economic Affairs and Energy (2017), 2017 Annual Economic Report. For inclusive growth in Germany and Europe, p.7

C. GENERAL SECTOR CONDITIONS

The hospital sector is an attractive growth market with non-cyclical, growing demand. This growth momentum is driven by an increasing need for medical treatment, an ageing population, a growing number of chronically ill patients, medical advances and greater health awareness. However, the level of growth varies between the individual federal states. Urban regions once again displayed a more significant performance increase than non-city states in 2017. Demographic causes are still the main reason for lower growth rates in non-city states. Metropolitan regions such as Hamburg with a comprehensive range of services also display performance increases for treating people from surrounding federal states and regions.

The performance development also varies between individual hospitals. Overall, it can be observed that clear performance profiles make a significant contribution to a positive development in demand. In the financial year 2017 to date, the Asklepios hospitals have recorded a slight increase in performance figures.

The development of performance figures for individual indications such as typical age-related illnesses – cardiology, nutritional and metabolic diseases, pulmonary diseases and diseases of the digestive tract – was positive again in 2017.

There was also a further increase in demand for psychiatric services in 2017. However, growth momentum was somewhat weaker than in the previous years. Moderate performance increases are anticipated for both inpatient and day-patient care in the current financial year.

In the rehabilitation sector, Asklepios estimates that demand will rise slightly as a result of medium-term and long-term trends. One key factor driving this development is that the demographic trend is highly likely to lead to a rising number of workers aged 55 plus. As a result, a significant increase in demand for rehabilitative services with a focus on professionally oriented medical rehabilitation is foreseeable.

The rate of change for 2017 is 2.5%. This is the benchmark for the maximum increase in base rates at state level. As a result of the development of performance and expenditure in other performance segments (e.g. additional fees), the actual increase in the national base rate for 2017 is 1.97%. Due to the budget technique, the real budget developments are in some cases disconnected from this, because budgets are kept at a high level where possible in order to avoid discounts for additional services in subsequent years. If a performance increase actually occurs, the agreed quantity is first topped up.

Starting from the current year (2017), the previous care surcharge will be replaced by a nursing care surcharge as a result of the amendments to the Hospital Structure Act. This will be calcu-

lated based on the level of nursing care costs at the individual hospital.

The additional services discount amounts to 25% for agreed additional services up to and including 2016 and has a term of three years. Additional services that are agreed starting from the current year (2017) will be subject to a “fixed cost degression discount” (FCDD). The FCDD is generally to be agreed at state level, but for 2017 and 2018 an FCDD of 35% has been legally stipulated for all hospitals. Hospitals with increasing performance will be penalised, since overall the discount will be higher than before.

The hygiene programme, which since 2013 has partially funded the cost increases necessitated by the provisions of the Infection Prevention Act, has become established procedure following various arbitration rulings and legislative changes. However, its share of the total budget is small at 0.1%. Based on the provisions of the German Hospital Structure Act (KHSG), it will be continued beyond 2016 until 2019, and in some areas until 2022, in order to support training of additional hygiene employees; only the funding for doctors responsible for hygiene management is being dropped, but this accounts for the largest share of the total funding.

Overall, the competition for diversification in the hospital sector is expected to accelerate further as a result of the new regulations of the KHSG. Asklepios is attempting to counteract this trend with the targeted positioning of its hospitals as part of the Centres of Excellence concept. Corresponding Centres of Excellence have now been defined for the majority of the hospitals. This also includes intensified cooperation and targeted network building between Asklepios hospitals, with a focus on forming care structures for our patients that are as comprehensive as possible. With these measures and the right targeted offerings in high-demand medical fields, it remains possible to break away from the general situation and generate aboveaverage growth. Additional services have been recorded at hospitals where the corresponding measures have been implemented, including with the Centres of Excellence concept.

With the adoption of the law on the further development of the provision of and remuneration for psychiatric and psychosomatic services (PsychVVG) at the end of 2016, the legislators established new regulations for psychiatry financing starting from 2017. Instead of setting uniform prices for each state, budgets are to be negotiated individually for each hospital in future. This is to be done using relative weightings calculated for the whole of Germany on the basis of empirical data. The local contractual partners may deviate from these weightings if, for example, performance-related aspects and structural regional requirements of the hospitals are taken into account when negotiating the budgets.

The PsychVVG will bring about significant changes in the remuneration and cost structure at psychiatric facilities and departments throughout Germany. In addition, we are observing that payers are increasingly performing “structural assessments” based on specifications by the Medical Review Board of the Statutory Health Insurance Funds (Medizinischer Dienst der Krankenkassen, MDK) that we consider to be unsuitable and

non-legitimated. We have taken account of both of these aspects with a mid-eight-figure sum in the consolidated interim report and have made appropriate provisions.

D. OUTLOOK

In the first half of 2017, Asklepios posted organic revenue growth of 0.6% year on year, which was thus below the forecast for revenue development. The operating margin at EBITDA level in the first half of 2017 was 10.5%, down on the previous year's level of 11.1%. The equity ratio of 36.6% was thus slightly down on the figure at the end of the year (31 December 2016: 36.8%).

Thanks to the Asklepios Group's sound economic and financial foundation and its future-oriented overall strategic concept, its growth prospects are generally positive. For the financial year 2017 as a whole, we still anticipate a moderate increase in patient numbers and valuation ratios, as well as organic revenue growth of between 1.5% and 2.5%. We are still forecasting a slight but sustainable increase in EBITDA and in the equity ratio compared to the previous year.

E. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

1 BUSINESS PERFORMANCE AND RESULTS OF OPERATIONS

EUR'000	6 months 2017	6 months 2016	Relative change
Revenue	1,619,878	1,610,824	0.6%
Other operating income	105,654	102,119	3.5%
Cost of materials	349,422	344,490	1.4%
Staff costs	1,053,999	1,031,871	2.1%
Other operating expenses (not including rental expenditure)	124,704	129,410	-3.6%
EBITDAR	197,407	207,172	-4.7%
Rental expenditure	27,970	27,578	1.4%
EBITDA	169,437	179,594	-5.7%
Depreciation, amortisation and impairment	64,567	60,401	6.9%
EBIT	104,870	119,193	-12.0%
Financial result	-14,053	-14,863	-5.5%
Income taxes	-11,121	-20,632	-46.1%
Consolidated interim income	79,697	83,698	-4.8%

Revenue increased slightly by 0.6% from EUR 1,610.8 million to EUR 1,619.9 million in the first half of the year.

A total of 83.7% (6M 2016: 84.7%) of revenue was generated in acute-care hospitals, 15.5% (6M 2016: 14.6%) in rehabilitation clinics and 0.8% (6M 2016: 0.7%) in other facilities.

Other operating income of EUR 105.7 million (6M 2016: EUR 102.1 million) includes income from other services, additional operations, cost reimbursements and other grants.

Group key figures	6 months 2017	6 months 2016	Absolute change
Total patients	1,141,821	1,152,425	-10,604
Valuation ratio	298,977	303,600	-4,623
Number of beds	26,885	26,584	301

The number of patients amounted to 1,141,821 (same period of previous year: 1,152,425). In inpatient care, Asklepios treated 353,197 patients. The number of patients we treated as outpatients came to 788,624, which is 0.6% lower than in the same period of the previous year. The expansion of care structures that are as comprehensive as possible in combination with targeted offerings in high-demand medical fields will continue to be the focus. In the acute sector, there was a decline in valuation ratios of 4,623 (-1.5%) to 298,977 in the first half of 2017. The valuation ratio is a key figure used to bill medical services in hospitals. Multiplying the valuation ratio by the base case value gives you the amount which a health insurance fund has to pay to a hospital for a case such as this. Treatment days in the postacute sector increased by 12,171 (0.8%) to 1,447,153 days. In psychiatry, 12,417 (1.8%) more days and thus a total of 703,677 days were worked.

Average inpatient case income increased from EUR 4,006.0 to EUR 4,125.76. With a stable development in the number of beds and in the number of hospitalisation days in the postacute area, utilisation came to 83.5% (6M 2016: 84.7%).

The individual ratios of cost and earnings to revenue developed as follows:

	6 months 2017	6 months 2016
Cost of materials ratio	21.6%	21.4%
Staff costs ratio	65.1%	64.1%
Other expenses ratio (not including rental expenditure)	7.7%	8.0%
Rental expense ratio	1.7%	1.7%
EBITDA	10.5%	11.1%
Depreciation and amortisation expense ratio	4.0%	3.7%
EBIT	6.5%	7.4%

The cost of materials ratio was up slightly year on year at 21.6% in the first half of the year (6M 2016: 21.4%). The staff costs ratio was up 1.0 percentage points compared to the previous year. Other expenses not including rental expenditure were down year on year at 7.7% of revenue.

The absolute cost of materials increased by EUR 4.9 million year on year to EUR 349.4 million (6M 2016: EUR 344.5 million).

The average number of full-time equivalents employed increased by 0.5% to 34,894 (6M 2016: 34,709). As a result of payrate increases and the rise in full-time equivalents, staff costs rose at a higher rate than revenue (2.1% in absolute terms in the first half of the year from EUR 1,031.9 million to EUR 1,054.0 million. The staff costs ratio came to 65.1% (6M 2016: 64.1%).

Asklepios reported a decrease in other operating expenses (excluding rental expenditure) of EUR 4.7 million to EUR 124.7 million in the first half of the year (6M 2016: EUR 129.4 million). The ratio of 7.7% was down on the previous year's level (8.0%).

Owing to the effects described above, EBITDA decreased by EUR 10.2 million to EUR 169.4 million in the first half of 2017 (6M 2016: EUR 179.6 million). This corresponds to a margin of 10.5% (6M 2016: 11.1%).

Depreciation and amortisation of EUR 64.6 million was up year on year in relation to revenue at 4.0% (6M 2016: EUR 60.4 million or 3.7%). The absolute increase of EUR 4.2 million year on year resulted from investments in expansion in the previous year.

With EBIT amounting to EUR 104.9 million after EUR 119.2 million in the same period of the previous year, the EBIT margin of 6.5% was lower than the previous year's level (7.4%).

The financial result was EUR -14.1 million (6M 2016: EUR -14.9 million). At EUR 2.2 million, interest income was down on the previous year (6M 2016: EUR 2.4 million). At EUR 18.2 million, interest expenses in the first half of the year were down on the previous year (EUR 26.7 million) due to the completion of the repayment programme for existing loans.

Consolidated interim income changed from EUR 83.7 million in the same period of the previous year to EUR 79.7 million. The return on sales amounted to 4.9% in total in the first half of 2017 (6M 2016: 5.2%).

In the first half of 2017, earnings were negatively impacted in the amount of a mid-eight-figure sum by extraordinary effects on risk provisions in relation to the changed regulatory environment.

2 NET ASSETS AND FINANCIAL POSITION

The Group's balance sheet and financing structures remain sound. As was the case on 31 December 2016, noncurrent assets are financed at a rate of over 100% with matching maturities via equity or long-term borrowings. As a conservative company in terms of finance, the Group's financing structure is generally long-term in nature. Accordingly, most underlying credit volumes are hedged against interest fluctuation risks in the long term. The operating management of cash and cash equivalents and the financing of Group entities are performed via the Group holding company. Cash and cash equivalents are invested carefully and with a view to creditworthiness, involving broad diversification across banks within the three major deposit protection systems in Germany.

In addition to cash and cash equivalents of EUR 419.2 million, the Group has unutilised credit facilities of EUR 421.2 million at its disposal. The high internal financing power and the relatively moderate level of net debt protect the Group from financial market risks.

The starting point for the Group's central financing strategy is the long-term limitation of financial risks in the organisation of the operating business. Accordingly, sound financial structures are considered to form an important basis for all significant stages of growth.

According to internal guidelines, the debt ratio – measured as net debt/EBITDA – must not exceed 3.5x. The following table illustrates how this performance indicator was calculated as at the end of the reporting period:

EUR million	30 June 2017	31 Dec. 2016
Financial liabilities	1,069.9	980.9
Cash and cash equivalents	419.2	456.6
Net debt	650.7	524.3
EBITDA (for the preceding four quarters)	380.3	390.4
Net debt/EBITDA	1.7x	1.3x

This means that, at 1.7x (31 December 2016: 1.3x), this indicator is within the internally specified guidelines in the current financial year. The Group's credit rating is in the investment grade range.

The interest coverage factor (EBITDA/interest result) amounted to 10.6x in the first half of 2017 (31 December 2016: 10.3x).

Summarised statement of financial position in EUR million

	30 June 2017		31 Dec. 2016	
Non-current assets	2,512.3	69.3%	2,369.5	68.5%
Current assets	1,114.4	30.7%	1,091.3	31.5%
Assets	3,626.7	100.0%	3,460.8	100.0%
Equity	1,327.5	36.6%	1,273.4	36.8%
Non-current liabilities and provisions	1,423.4	39.3%	1,437.6	41.5%
Current liabilities and provisions	875.8	24.1%	749.9	21.7%
Equity and liabilities	3,626.7	100.0%	3,460.8	100.0%

3 | INVESTMENTS

The balance sheet and financing structures are sound. Total assets increased from EUR 3,460.8 million as at 31 December 2016 to EUR 3,626.7 million. Current assets rose by EUR 23.1 million to EUR 1,114.4 million. As of 30 June 2017, equity amounted to EUR 1,327.5 million and was thus above its year-end level as at 31 December 2016 (EUR 1,273.4 million). The equity ratio was 36.6% (31 December 2016: 36.8%). The return on equity based on the last four quarters was 14.2% (31 December 2016: 15.1%). Non-current assets are covered by long-term disposable capital. Asklepios has permanent interest-free and redemption-free access to subsidies of approximately EUR 1,198.1 million (31 December 2016: EUR 1,226.6 million), which were offset against non-current assets in accordance with IAS 20. As these subsidies will fall due for repayment only in the hypothetical event of no longer being included in the hospital plan, these funds are in effect similar to equity.

The following table shows the change in cash and cash equivalents over the course of the year:

EUR million	6 months 2017	6 months 2016
EBITDA	169.4	179.6
Net cash from operating activities	96.8	150.7
Net cash used in investing activities	-206.5	-61.1
Net cash from/used in financing activities	72.3	-187.5
Change in cash and cash equivalents	-37.4	-97.9
Cash and cash equivalents on 1 January	456.6	554.9
Cash and cash equivalents on 30 June	419.2	457.0

As at 30 June 2017, cash and cash equivalents had decreased by EUR 37.4 million compared with 31 December 2016 to EUR 419.2 million. Cash flow from operating activities fell by EUR 53.9 million year on year to EUR 96.8 million. Alongside the decline in EBITDA, the increase in other financial assets had an impact here. Cash flow from operating activities was offset by net cash used in investing activities of EUR 206.5 million (6M 2016: EUR 61.1 million). This chiefly comprised investments in the equity investment now accounted for using the equity method. Financing activities posted a cash inflow of EUR 72.3 million (6M 2016: cash outflow of EUR 187.5 million), which was mainly attributable to a partial drawdown of the syndicated loan.

In the first half of the financial year, capital expenditure on hospital operations related mainly to the following locations:

EUR million	6 months 2017
Asklepios Klinik Wandsbek, Hamburg	5.2
Asklepios Klinik, Lindau	2.6
Asklepios IT-Services Hamburg, Hamburg	2.5
Asklepios MVZ Nord, Hamburg	2.4
Asklepios Stadtklinik, Bad Tölz	2.0
Asklepios Klinik, Bad Griesbach	1.4
Asklepios Schwalm Eder Kliniken, Schwalmstadt	1.4
Asklepios Weserberglandklinik, Höxter	1.3
Asklepios Klinik St. Georg, Hamburg	1.2
Asklepios Klinik Harburg, Hamburg	1.0

After deducting subsidised capital expenditure, net capital expenditure on property, plant and equipment and intangible assets totalled EUR 71.4 million (6M 2016: EUR 62.1 million), or 4.4% of revenue (6M 2016: 3.9%). Capital expenditure on hospitals was financed by cash flow from operating activities. Without deducting subsidies, capital expenditure amounted to EUR 101.4 million (6M 2016: EUR 99.0 million). This corresponded to 6.3 % of revenue (6M 2016: 6.1 %). Maintenance and servicing expenses decreased year on year to EUR 45.1 million (6M 2016: EUR 47.5 million). Expressed as a percentage of revenue, 2.8% (6M 2016: 2.9%) was invested in ongoing maintenance. Asklepios therefore used 7.2% (6M 2016: 6.8%) of revenue for internally financed capital expenditure and maintenance.

F. FORECAST AND RISK AND OPPORTUNITY MANAGEMENT

1 RISK AND OPPORTUNITY MANAGEMENT

For basic explanations and details of the existing risk management system and the unchanged opportunities and risks of the Group, please refer to the 2016 annual report.

2 REPORT ON POST-BALANCE SHEET DATE EVENTS AND EXPECTED DEVELOPMENTS

After 30 June 2017, Asklepios Kliniken Verwaltungsgesellschaft acquired an equity interest in a medical supply store for orthopaedic and rehabilitation technology. Also after 30 June 2017, Asklepios Kliniken Hamburg GmbH acquired “Medizinische Versorgungszentrum Prof. Mathey, Prof. Schofer GmbH”, an outpatient medical centre for cardiac surgery in Hamburg, including its property and subsidiaries.

No other events significant for the assessment of the net assets, financial position and results of operations of the Asklepios Group occurred after 30 June 2017 up to the publication of this report.

In the first six months of 2017, Asklepios achieved a mostly stable development in comparison to the previous year. Revenue increased slightly from EUR 1,610.8 million to EUR 1,619.9 million. Compared to the previous quarter, the EBITDA margin improved by 0.9 percentage points to 10.5% in the second quarter. The equity ratio was stable at 36.6%.

Asklepios has a sound financial footing and the company's overall strategic concept is future-oriented. We therefore assess the Asklepios Group's growth prospects positively. Even though the regulatory environment remains challenging, we anticipate a moderate improvement in the main key figures and slight growth in revenue of between 1.5% and 2.5%. The forecast of a slight increase in the EBITDA margin and in the equity ratio also remains in place.

Sustainable business success in the interests of the patients and employees continues to be Asklepios's stated goal. In line with the Group-wide excellence strategy and the continuous enhancement of our hospitals' profiles, Asklepios is also focusing on the targeted expansion of high-demand offers.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

EUR'000	Note no.	6 months 2017	6 months 2016
Revenue	V.1	1,619,878	1,610,824
Other operating income	V.2	105,654	102,119
Total operating revenue		1,731,012	1,712,943
Cost of materials		349,422	344,490
Staff costs		1,053,999	1,031,871
Other operating expenses	V.3	152,674	156,988
Operating result/EBITDA ^{*)}		169,437	179,594
Depreciation, amortisation and impairment - of intangible assets and property, plant and equipment		64,567	60,401
Operating result/EBIT ^{**)}		104,870	119,193
Net investment income		1,971	9,411
Interest and similar income		2,207	2,448
Interest and similar expenses		-18,231	-26,722
Interest result		-16,024	-24,274
Financial result	V.4	-14,053	-14,863
Earnings before income taxes		90,818	104,330
Income taxes	V.5	-11,121	-20,632
Consolidated interim income		79,697	83,698
<i>of which attributable to the parent company</i>		<i>64,787</i>	<i>68,958</i>
<i>of which attributable to non-controlling interests</i>		<i>14,910</i>	<i>14,739</i>

^{*)} Earnings before financial result, taxes and depreciation and amortisation

^{**)} Earnings before financial result and taxes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(UNAUDITED)

EUR'000	6 months 2017	6 months 2016
Consolidated interim income	79,697	83,697
Measurement of financial assets	-729	-17,347
Income taxes	11	256
Reclassifications due to financial assets in the "available-for-sale" category that were sold during the financial year.	718	0
Total changes in value that are reclassified to profit or loss if certain conditions are met	0	-17,091
Change in actuarial gains (+)/ losses (-) from defined benefit pension commitments and similar obligations	9,479	-77,305
Income taxes	-1,501	12,299
Total changes in value that are not reclassified to profit or loss	7,978	-65,006
Total changes in value recognised in equity (other comprehensive income)	7,978	-82,097
Total comprehensive income (total consolidated interim income and other comprehensive income)	87,675	1,600
<i>of which attributable to the parent company</i>	<i>70,592</i>	<i>4,652</i>
<i>of which attributable to non-controlling interests</i>	<i>17,084</i>	<i>-3,052</i>

CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

EUR'000	6 months 2017	6 months 2016
Consolidated interim income	79,697	83,697
Income taxes	11,121	20,632
Interest result	16,024	14,864
Net investment income	-1,971	0
Amortisation and impairment of intangible assets and depreciation and impairment of property, plant and equipment	64,567	60,401
Gross cash flow (EBITDA)	169,438	179,594
Other non-cash transactions	2,574	2,894
Changes in inventories, receivables and other assets	-84,584	-24,826
Changes in liabilities and provisions	24,070	3,854
Dividends received	1,971	9,411
Interest income	3,609	890
Income taxes paid	-20,289	-21,143
Cash flow from operating activities/net cash flow	96,788	150,674
Investments in property, plant and equipment	-61,598	-56,599
Investments in intangible assets	-9,773	-5,508
Proceeds from the disposal of non-current assets	2,785	1,465
Acquisitions of subsidiaries, equity investments and financial assets	-137,896	-480
Net cash used in investing activities	-206,482	-61,122
Proceeds from borrowings	77,566	0
Proceeds from the repayment of financial liabilities	0	-174,957
Cash flow from hospital financing	-2,721	-4,661
Interest expenses	-2,537	-7,522
Distributions	0	-365
Cash flow from financing activities	72,308	-187,505
Change in cash and cash equivalents	-37,386	-97,953
Cash and cash equivalents at the start of the period	456,611	554,898
Cash and cash equivalents at the end of the period	419,225	456,945

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

EUR'000	Note no.	30 June 2017	31 Dec. 2016
ASSETS			
Non-current assets			
Intangible assets	VI. 1	429,788	413,996
Property, plant and equipment	VI. 2	1,500,272	1,498,597
Investments accounted for using the equity method		406,283	14,042
Financial assets		4,207	305,333
Other financial assets		70,037	62,276
Trade receivables		0	66
Other assets		1,287	80
Deferred taxes		100,440	75,150
Total non-current assets		2,512,313	2,369,540
Current assets			
Inventories		113,657	103,110
Trade receivables		468,651	452,573
Current income tax assets		8,058	3,716
Other financial assets		84,541	71,002
Other assets		20,231	4,297
Cash and cash equivalents	VI. 4	419,225	456,611
Total current assets		1,114,363	1,091,309
Total ASSETS		3,626,676	3,460,849

EUR'000	Note no.	30 June 2017	31 Dec. 2016
EQUITY AND LIABILITIES			
Equity attributable to the parent company			
Issued capital		1,022	1,022
Reserves		963,042	835,943
Consolidated net profit		64,787	154,819
Non-controlling interests		298,654	281,590
Total equity	VI. 3	1,327,505	1,273,374
Non-current liabilities			
Trade payables		81	12
Financial liabilities		820,915	814,264
Finance lease liabilities		12,378	12,770
Pensions and similar obligations		256,883	268,295
Other provisions		210,610	219,628
Deferred taxes		38,835	33,423
Other financial liabilities		75,531	80,051
Other liabilities		8,173	9,156
Total non-current liabilities		1,423,405	1,437,599
Current liabilities			
Trade payables		51,953	72,125
Financial liabilities		249,007	166,605
Finance lease liabilities		1,066	860
Pensions and similar obligations		5,813	5,883
Other provisions		107,537	98,120
Current income tax liabilities		29,647	14,994
Other financial liabilities		170,464	167,081
Other liabilities		260,278	224,208
Total current liabilities		875,765	749,876
Total EQUITY AND LIABILITIES		3,626,676	3,460,849

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AS AT 30 JUNE 2017

(UNAUDITED)

2017 EUR'000	Equity attributable to the parent company				Total	Non-controlling interests	Equity
	Issued capital	Revenue reserve	Fair value reserve	Consolidated net profit			
As at 1 Jan. 2017	1,022	801,908	34,035	154,819	991,784	281,590	1.273.374
Consolidated interim income	0	0	0	64,787	64,787	14,910	79,697
Other comprehensive income	0	5,805	0	0	5,805	2,174	7,978
Total comprehensive income	0	5,805	0	64,787	70,591	17,084	87,675
Other changes	0	509	-34,035	0	-33,526	-19	-33,544
Allocation to reserves	0	154,819	0	-154,819	0	0	0
Total transactions recognised directly in equity	0	155,329	-34,035	-154,819	-33,525	-19	-33,544
As at 30 June 2017	1,022	963,042	0	64,787	1,028,851	298,654	1,327,505

2016 EUR'000	Equity attributable to the parent company				Total	Non-controlling interests	Equity
	Issued capital	Revenue reserve	Fair value reserve	Consolidated net profit			
As at 1 Jan. 2016	1,022	764,449	57,625	135,058	958,155	255,323	1,213,478
Consolidated interim income	0	0	0	68,958	68,958	14,739	83,697
Other comprehensive income	0	-47,215	-17,090	0	-64,306	-17,791	-82,097
Total comprehensive income	0	-47,215	-17,090	68,958	4,652	-3,052	1,601
Compensation payment obligations	0	0	0	0	0	-266	-266
Change in equity interests in consolidated companies	0	0	0	0	0	-234	-234
Other changes	0	0	0	0	0	-367	-367
Allocation to reserves	0	135,058	0	-135,058	0	0	0
Total transactions recognised directly in equity	0	135,058	0	-135,058	0	-867	-867
As at 30 June 2016	1,022	852,292	40,535	68,958	962,807	251,404	1,214,211

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

I. BASIS OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Company is named Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Rübenkamp 226, Hamburg, Germany (hereinafter also referred to as “AKG”, the “Group”, or the “Company”), and is entered in the commercial register at the Hamburg district court, HRB 98981. The company was formed on 19 June 1985.

Asklepios Kliniken Gesellschaft mit beschränkter Haftung and its subsidiaries operate primarily on the German market in the clinical acute care and rehabilitation sectors as well as, to a very limited extent, in the nursing sector. The purpose of the company is the acquisition and operation of healthcare institutions and the provision of consulting services.

The Group operates facilities in numerous federal states in Germany. The Group structure is geared towards regional diffe-

rences in terms of personnel and company law. The operating entities are mainly equity investments in the three sub-group financial statements of Asklepios Kliniken Verwaltungsgesellschaft mbH, Königstein (100% equity investment), Asklepios Kliniken Hamburg GmbH, Hamburg (74.9% equity investment), and MediClin AG, Offenburg (52.73% equity investment), included in the consolidated financial statements. In the first half of 2017, Rhön Klinikum AG, Bad Neustadt an der Saale (25.1% equity investment) is included in the consolidated financial statements as an equity investment accounted for using the equity method for the first time.

The Group also has selected foreign operations; this relates almost exclusively to the investment in Greece (Athens Medical Center S.A.).

II. ACCOUNTING PRINCIPLES

The consolidated interim financial statements as at 30 June 2017 have been prepared for the results of the first six months of 2017 in accordance with the requirements of IAS 34 and, pursuant to section 315a of the German Commercial Code (HGB), in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board valid at the end of the reporting period and endorsed by the European Union in the versions effective from 2017.

In the context of the change in the accounting policy to equity investments accounted for using the equity method, the fair value reserve changed by EUR –34,035 thousand in the reporting period, with a balance of EUR 0 thousand as at 30 June 2017 (31 December 2016: EUR 34,035 thousand). This reserve shows the measurement of financial assets. Non-controlling interests do not participate in this reserve.

RECOGNITION

The consolidated interim financial statements do not contain all of the information that is required in the consolidated financial statements prepared at the end of the financial year and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2016.

In order to prepare the consolidated interim financial statements, the accounting policies presented in detail in the 2016 consolidated financial statements were applied unchanged. For details, please refer to the corresponding explanations.

The new standard from the IASB on accounting for leases (IFRS 16) – which has not yet been endorsed – will also result in a

significant increase in the lease arrangements to be recognised in the Asklepios Group. This is expected to lead to an increase of non-current assets, standard market financial liabilities, total assets and, because of the omission of rental expenditure, an increase in EBITDA.

Assets and liabilities and expenses and income have been offset in accordance with IAS 1.33 when offsetting reflects the substance of the transaction. Receivables and liabilities were netted at the level of each German federal state pursuant to the KHG (“Krankenhausfinanzierungsgesetz”: German Hospital Financing Act).

III. BASIS OF CONSOLIDATION

In addition to Asklepios Kliniken Gesellschaft mit beschränkter Haftung as the ultimate parent, the consolidated group also includes the subsidiaries over which Asklepios Kliniken Gesellschaft mit beschränkter Haftung exercises control, either directly or indirectly. The Group controls a subsidiary when it is exposed to variable returns from its investment in the subsidiary or has rights to these returns and has the ability to use its power over the subsidiary to affect these returns. The subsidiaries are consolidated from the day the Group obtains control. The subsidiaries are removed from the consolidated group as soon as the Group loses control.

Associates are entities over which the Group has significant influence but no control. Investments in associates are reported using the equity method and initially measured at cost. The share of the Group in associates contains the goodwill incurred on acquisition.

As at 30 June 2017, Asklepios operates a total of around 150 healthcare facilities such as hospitals, nursing homes, medical centres for shared practices and other medical centres.

ACQUISITIONS IN 2017

Acquisitions in amount of EUR 137.9 million relate to existing strategic investments as well as acquisitions along our value chain.

IV. ACCOUNTING METHODS

1) GOODWILL AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Goodwill and the carrying amounts of investments recognised using the equity method are tested for impairment once a year as at 30 September. Impairment testing also takes place if circumstances indicate that the carrying amount may be impaired.

The key assumptions used to determine the recoverable amount are explained in the consolidated financial statements as at 31 December 2016.

2) SENSITIVITY IN RELATION TO CHANGES TO THE ASSUMPTIONS MADE

There were no items subject to significant estimates with regard to the calculation of the value in use of the cashgenerating units to which the goodwill is allocated or the assumptions applied when calculating provisions, with the exception of the assumptions and estimates regarding the interest rate for the defined

benefit pension obligation resulting from the termination with a pension institution and the change in the interest rate for pension provisions in this interim Group management report.

V. SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

1) REVENUE

Revenue breaks down as follows:

EUR million	6 months 2017	6 months 2016
Business segments		
Clinical acute care	1,355.3	1,363.6
Post-acute and rehabilitation treatment	251.0	235.6
Social and welfare facilities	8.4	7.8
Miscellaneous	5.2	3.8
Total	1,619.9	1,610.8

Revenue is generated from the rendering of services.

2) OTHER OPERATING INCOME

Die sonstig Other operating income is broken down as follows:

EUR million	6 months 2017	6 months 2016
Income from operations	37.9	41.6
Income from ancillary, additional and other operations	39.4	38.0
Income from cost reimbursements	11.6	11.8
Income from other grants	3.5	3.4
Income from nursing care services	1.2	0
Miscellaneous other operating income	12.1	7.3
Total	105.7	102.1

Income from operations includes income from pharmacy sales as a major item.

3 OTHER OPERATING EXPENSES

Other operating expenses relate to:

EUR million	6 months 2017	6 months 2016
Maintenance and servicing	45.1	47.5
Rental expenditure	28.0	27.6
Taxes, dues and insurance (including outstanding claims reserves)	20.1	19.0
Contributions, consulting and audit fees	16.0	14.5
Other administrative and IT expenses	10.0	11.6
Office supplies, postage and telephone charges	10.3	10.0
Advertising and travel expenses	9.7	7.7
Training expenses	6.6	6.7
Miscellaneous	6.9	12.4
Total	152.7	157.0

4 FINANCIAL RESULT

Net finance costs break down as follows:

EUR million	6 months 2017	6 months 2016
Net investment income	2.0	9.4
Interest and similar income	2.2	2.4
Zinsen und ähnliche Aufwendungen	-18.2	-26.7
Interest and similar expenses	-14.0	-14.9

5 INCOME TAXES

Income taxes break down as follows:

EUR million	6 months 2017	6 months 2016
Current income taxes	-32.7	-18.4
Deferred income taxes	21.6	-2.2
Total	-11.1	-20.6

VI. SELECTED NOTES TO THE CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

1 INTANGIBLE ASSETS

2017 EUR'000	Goodwill	Other intangible assets	Prepayments for intangible assets	Total
Cost				
As at 1 Jan. 2017	370,665	125,379	4,052	500,096
Additions from changes in the scope of consolidation	12,835	1,352	0	14,187
Additions/investments similar to acquisitions	2,051	2,450	2,450	9,012
Disposals	-131	-3,016	0	-3,146
Reclassification	570	372	-33	909
As at 30 June 2017	385,990	128,597	6,470	521,057
Cumulative depreciation, amortisation and impairment As at 1 Jan. 2017	-12,576	-73,524	0	-86,100
Amortisation and impairment for the financial year	0	-6,889	0	-6,889
Additions from changes in consolidated group	0	-724	0	-724
Reclassification	-275	157	0	-118
Amortisation and impairment on disposals	111	2,451	0	2,562
As at 30 June 2017	-12,740	-78,530	0	-91,250
Residual carrying amounts				
As at 31 Dec. 2016	358,089	51,855	4,052	413,996
As at 30 June 2017	373,251	50,067	6,470	429,788

2 | PROPERTY, PLANT AND EQUIPMENT

2017 EUR'000	Land and buildings including buildings on third-party land	Technical equipment and machinery	Operating and office equipment	Assets under construction	Total
Cost					
As at 1 Jan. 2017	1,689,594	142,692	521,565	88,265	2,442,116
Changes in consolidated group	0	0	37	0	37
Additions/investments similar to acquisitions	10,553	1,382	18,915	31,549	62,398
Disposals	-5,325	-534	-9,992	-1,757	-17,607
Reclassification	14,311	-978	-2,261	-11,980	-909
As at 30 June 2017	1,709,132	142,562	528,264	106,078	2,486,035
Cumulative depreciation, amortisation and impairment					
As at 1 Jan. 2017	-564,304	-65,496	-313,719	0	-943,519
Amortisation and impairment for the financial year	-26,318	-5,217	-26,144	0	-57,678
Additions from changes in consolidated group	0	0	-26	0	-26
Reclassification	-1,258	-676	2,053	0	118
Amortisation and impairment on disposals	5,055	419	9,869	0	15,343
As at 30 June 2017	-586,825	-70,970	-327,968	0	-985,763
Residual carrying amounts					
As at 31 Dec. 2016	1,125,290	76,095	208,947	88,265	1,498,597
As at 30 June 2017	1,122,307	71,591	200,296	106,078	1,500,272

3 EQUITY

In accordance with IAS 1, the development of equity is presented in a statement of changes in consolidated equity, which is a separate component of the interim financial statements.

4 CASH AND CASH EQUIVALENTS

Cash and short-term deposits are subject to variable interest rates. Short-term deposits are made for different periods of time depending on the Group's liquidity requirements. Interest is charged at the respective interest rates applicable for short-term deposits. The fair value of cash and cash equivalents corresponds to their carrying amount.

5 ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

Determination of fair value

The following table shows financial instruments measured at fair value analysed in terms of measurement method. The different levels are as follows:

- › Level 1: market prices (unadjusted) used on the active market for identical assets and liabilities
- › Level 2: data, apart from the level 1 market prices, that are observable for the assets and liabilities either directly (i.e. as price) or indirectly (i.e. derived from price).
- › Level 3: inclusive data for assets and liabilities not based on market data (on this level, the Group's investments are reported at amortised cost, as no market price can be observed for them)

The fair value of financial instruments that are traded on the active market is based on the quoted market bid price at the close of business at the end of the reporting period. The market is considered active if quoted prices are readily and regularly available from an exchange, dealer, industry group, pricing service or regulatory agency, and those prices represent current and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded on an active market is calculated using a valuation technique. Fair value is thus estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs. If all inputs required for measuring fair value are observable, the instrument is assigned to level 2.

If one or more significant inputs are not based on observable market data, the instrument is assigned to level 3. There were no reclassifications in this financial year or the previous year. There were no transfers between the different measurement levels. The financial assets available for sale as at 31 December 2016 were already reclassified as investments accounted for using the equity method in Q1 2017.

30 June 2017 EUR million	Level 1	Level 2	Level 3	Net total
Financial assets	0	0	2.2	2.2
Available-for-sale financial assets and derivatives	0	0	0	0
Financial liabilities	0	0.2	0	0.2

31 December 2016 EUR million	Level 1	Level 2	Level 3	Net total
Financial assets	0	0	2.2	2.2
Available-for-sale financial assets and derivatives	301.7	0	0	301.7
Financial liabilities	0	0.2	0	0.2

Carrying amounts, amounts recognised and fair values by class and measurement category

Amount recognised in statement of financial position as per IAS 39								
	Measurement category as per IAS 39	Carrying amount 30 June 2017	Amortised cost	Cost	Fair value in other comprehensive income	Fair value through profit or loss	Amount recognised in statement of financial position as per IAS 17	Fair value 30 June 2017
2017								
EUR'000								
ASSETS		1,042,453	1,042,453	0	0	0	0	1,042,453
Cash and cash equivalents	LaR	419,225	419,225	0	0	0	0	419,225
Trade receivables	LaR	468,651	468,651	0	0	0	0	468,651
Other financial assets	AfS	0	0	0	0	0	0	0
Other financial assets (derivatives)	n.a.	0	0	0	0	0	0	0
Other financial assets	LaR	154,578	154,578	0	0	0	0	154,578
EQUITY AND LIABILITIES		1,381,395	1,381,192	0	0	203	13,445	1,397,113
Trade payables	FLAC	52,034	52,034	0	0	0	0	52,034
Financial liabilities	FLAC	1,069,922	1,069,922	0	0	0	0	1,075,357
Finance lease liabilities	n.a.	13,445	13,445	0	0	0	13,445	13,445
Other financial liabilities (derivatives)	LaR	203	0	0	0	203	0	203
Other financial liabilities	FLAC	245,792	245,792	0	0	0	0	256,075
<i>Of which: aggregated by measurement category according to IAS 39:</i>								
Loans and receivables	LaR	1,042,250	1,042,453	0	0	0	0	1,042,250
Available-for-sale financial assets	AfS	0	0	0	0	0	0	0
Financial liabilities at amortised cost	FLAC	1,367,748	1,367,748	0	0	0	0	1,383,466

Amount recognised in statement of financial position as per IAS 39

	Mea- surement category as per IAS 39	Carrying amount 31 Dec. 2016	Amortised cost	Cost	Fair value in other compre- hensive income	Fair value through profit or loss	Amount recog- nised in state- ment of financial position as per IAS 17	Fair value 31 Dec. 2016
EUR'000								
ASSETS		1,347,862	1,046,116	0	301,746	0	0	1,347,862
Cash and cash equivalents	LaR	456,611	456,611	0	0	0	0	456,611
Trade receivables	LaR	452,639	452,639	0	0	0	0	452,639
Other financial assets	AfS	301,746	0	0	301,746	0	0	301,746
Other financial as- sets (derivatives)	n.a.	0	0	0	0	0	0	0
Other financial assets	LaR	136,866	136,866	0	0	0	0	136,866
EQUITY AND LIABILITIES		1,313,766	1,313,528	0	0	238	13,629	1,331,808
Trade payables	FLAC	72,137	72,137	0	0	0	0	72,137
Financial liabilities	FLAC	980,869	980,869	0	0	0	0	987,107
Participation capi- tal/ subordinated capital	FLAC	0	0	0	0	0	0	0
Finance lease liabilities	n.a.	13,629	13,629	0	0	0	13,629	13,629
Other financial liabilities (deriva- tives)	LaR	238	0	0	0	238	0	238
Other financial liabilities	FLAC	246,893	246,893	0	0	0	0	258,697
<i>Of which: aggre- gated by mea- surement category according to IAS 39:</i>								
Loans and recei- vables	LaR	1,045,878	1,046,116	0	0	0	0	1,045,878
Available-for-sale financial assets	AfS	301,746	0	0	301,746	0	0	301,746
Financial liabilities at amortised cost	FLAC	1,299,899	1,299,899	0	0	0	0	1,317,941

OTHER NOTES

1 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLI- GATIONS

Other financial obligations break down as follows:

EUR'000	30 June 2017	30 Dec. 2016
Rental and lease agreements	425,836	489,266
Maintenance and supply agreements	33,024	50,798
Purchase commitments	33,877	40,999
Sureties	32,179	35,393
Capital commitments	5,482	6,550
Insurance contracts	447	2,247
Miscellaneous	16,847	23,024
Total	547,692	648,277

The obligation arising from rental and lease agreements relates primarily to the real property of MediClin AG that is rented on a long-term basis, excluding obligations already recognised during purchase price allocation. The underlying rental agreements have a term until 31 December 2027. The agreements provide for an annual rent adjustment in the amount of the change in the German Consumer Price Index, but in any case no more than 2% p.a.

The purchase commitments relate mainly to service contracts concluded for construction measures at hospitals in Hamburg and Thuringia.

All other financial obligations are carried at their nominal amount and are due as follows:

EUR'000	
Less than one year	121,167
Between 2 and 5 years	187,050
More than 5 years	239,475
Total	547,692

RELATED PARTY DISCLOSURES

For Asklepios Kliniken Gesellschaft mit beschränkter Haftung, related parties within the meaning of IAS 24.9 include entities controlled by the Group and/or entities over which the Group has a significant influence and vice versa. In particular, subsidiaries and equity investments are therefore defined as related parties.

Transactions with these companies are conducted at arm's-length conditions.

Dr Bernard gr. Broermann, Königstein-Falkenstein, is the sole shareholder of Asklepios Kliniken Gesellschaft mit beschränkter Haftung.

2 | CONSOLIDATED STATEMENT OF CASH FLOWS

In the first half of 2017, cash and cash equivalents decreased by EUR 37.4 million compared with 31 December 2016 to EUR 419.2 million. Cash flow from operating activities amounted to EUR 96.8 million (6M 2016: EUR 150.7 million). Alongside the decline in EBITDA, the increase in other financial assets had an impact here.

Cash flow from operating activities was offset by net cash used in investing activities of EUR 206.5 million (6M 2016: EUR 61.1 million). This chiefly comprised investments in the equity investment now accounted for using the equity method. Financing activities posted a cash inflow of EUR 72.3 million (6M 2016: cash outflow of EUR 187.5 million).

3 | LEGAL DISPUTES

MediClin AG has filed a lawsuit with the Offenburg District Court to assert claims to the repayment of rent payments above the normal market rate. The company is assuming that the rents paid in total for the period from 2005 to 2015 were higher than the applicable market rent for this period.

The lawsuit was filed against existing and former shareholders of the company who hold units in the property fund to which the hospitals acquired and leased back between 1999 and 2001 were contributed.

In weighing up the risks and opportunities of the lawsuit, MediClin AG took account of the fact that the subject of this legal dispute – particularly with regard to measuring the market conformity of the rents in question – will be a complex matter and will involve difficult legal questions, some of which have not yet been answered at the highest judicial level.

In the opinion of the Management Board, this matter does not necessitate any accounting consequences.

AFFIRMATION OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim financial statements of Asklepios Kliniken Gesellschaft mit beschränkter Haftung give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Hamburg, 24 August 2017



Kai Hankeln



Dr. Thomas Wolfram



Hafid Rifi



Marco Walker

Impressum

Contact

Asklepios Kliniken GmbH
Debusweg 3
61462 Königstein-Falkenstein

Tel.: + 49 (0) 61 74 90-11 26

Fax.: + 49 (0) 61 74 90-11 10

ir@asklepios.com

www.asklepios.com



Gesund werden, Gesund leben.

Disclaimer

This interim report includes forward-looking statements. Such forward-looking statements are based on certain assumptions and expectations at the time of publication of this annual report. They therefore involve risks and uncertainties, and the actual results may diverge considerably from those described in the forward-looking statements. Many of these risks and uncertainties are affected by factors that lie beyond Asklepios Kliniken's sphere of influence and that cannot be estimated with certainty from today's perspective. This includes future market conditions and economic developments, the conduct of other market participants, the achievement of expected synergy effects as well as decisions by legislators and policy makers. Asklepios Kliniken is not obliged to publish corrections to these forward-looking statements in order to reflect events or conditions occurring after the publication date of this material.