

Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Hamburg



# Consolidated interim report

as at 30 September 2015

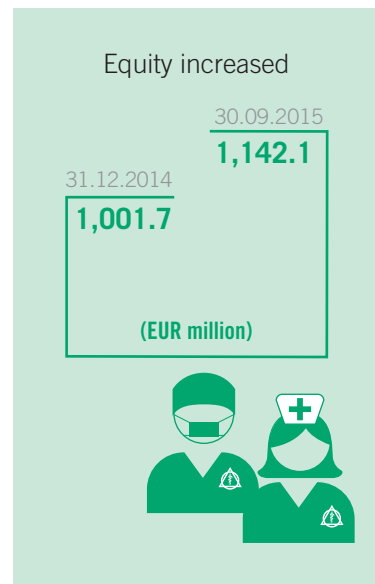
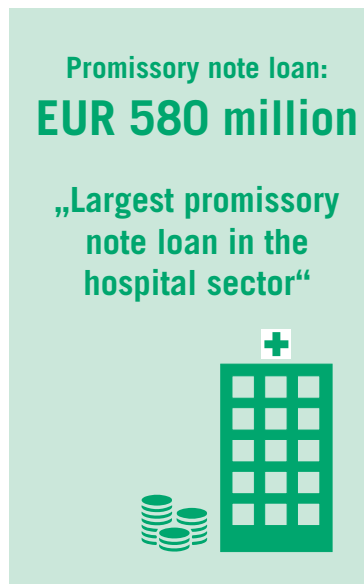
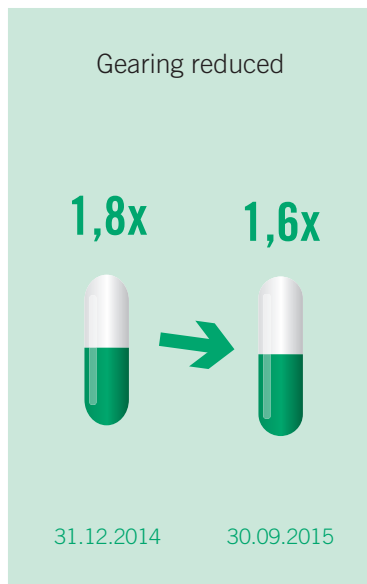
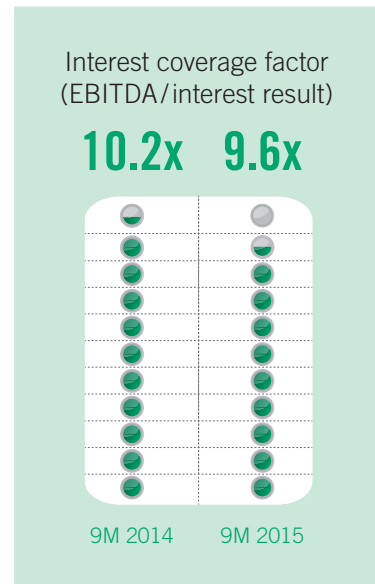
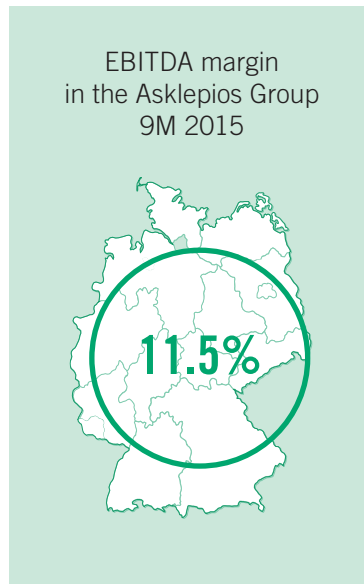
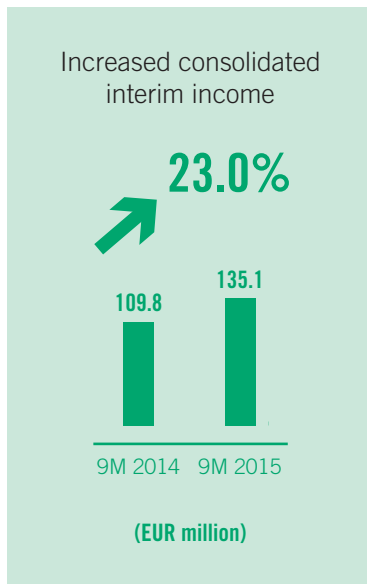
in accordance with International Financial Reporting Standards

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# Facts about the third quarter of 2015

Quality, innovation and social responsibility



## Group key figures as at 30 September 2015

Group key figures	9 months 2015	9 months 2014	Change
Number of patients	1,723,270	1,635,943	5.3%
Valuation ratio	436,610	432,890	0.9%
Number of beds	26,669	26,534	0.5%
Employees (full-time equivalents)	34,549	34,174	1.1%
EUR million	9 months 2015	9 months 2014	Change
Net cash from operating activities	234.7	261.5	-10.2%
Sales	2,312.3	2,263.3	2.2%
EBITDAR <sup>1</sup>	305.2	276.1	10.5%
<i>EBITDAR margin in %</i>	<i>13.2</i>	<i>12.2</i>	
EBITDA	265.7	235.4	12.9%
<i>EBITDA margin in %</i>	<i>11.5</i>	<i>10.4</i>	
EBIT	179.9	152.8	17.7%
<i>EBITDA margin in %</i>	<i>7.8</i>	<i>6.7</i>	
Consolidated interim income	135.1	109.8	23.0%
<i>Return on sales in %</i>	<i>5.8</i>	<i>4.9</i>	
Investments in property, plant and equipment and intangible assets (own funds)	104.1	100.1	4.1%
<i>Own funds ratio in %<sup>2)</sup></i>	<i>75.2</i>	<i>65.0</i>	

EUR million	30.09.2015	31.12.2014	Change
Total assets	3,484.2	2,863.4	21.7%
Equity	1,142.1	1,001.7	14.0%
<i>Equity ratio in %</i>	<i>32.8</i>	<i>35.0</i>	
<i>Return on equity in %</i>	<i>15.5</i>	<i>16.0</i>	
Financial liabilities (including subordinated capital)	1,172.7	742.7	57.9%
Cash and cash equivalents	606.3	161.2	276.5%
Net debt	566.4	581.5	-2.6%
Net debt/EBITDA <sup>3)</sup>	1.6x	1.8x	
<i>Interest coverage factor (EBITDA/interest result)</i>	<i>10.2x</i>	<i>9.6x<sup>4)</sup></i>	

<sup>1)</sup> Earnings before financial result, taxes, depreciation and amortisation and rent

<sup>2)</sup> In relation to investments at hospital locations

<sup>3)</sup> EBITDA of the preceding twelve months

<sup>4)</sup> As at 30 September 2014

# Interim Group management report

## A. Asklepios Group again with organic growth and positive earnings performance in the third quarter of 2015

In the first nine months of 2015, the Asklepios Group generated revenue totalling EUR 2,312.3 million, a 2.2% increase on the same period of the previous year. The main reason for this was the increase in the number of patients. The hospitals and medical facilities cared for a total of 1,723,270 patients from January to September, 87,327 more than in the same period of the previous year.

EBITDA also increased year on year to EUR 265.7 million in the first nine months. The operating EBITDA margin is therefore 11.5% – an increase of 12.9% (30 September 2014 10.4%). Cost items that increased at a lower rate than revenue had a particularly positive effect. The cost of materials ratio fell 0.4 percentage points year on year to 22.1% (30 September 2014 22.5%). This was mainly due to the significant decline in energy expenses, especially for energy and fuel. The energy model established by Asklepios and the supply of several hospitals with their own combined heat and power units are continuously reducing expenses related to energy. Purchased services were reduced by EUR 1.2 million. The personnel expenses ratio fell slightly by 0.6 percentage points to 63.8% of revenue.

In total, consolidated interim income for January to September 2015 amounted to EUR 135.1 million after EUR 109.8 million in the same period of the previous year. This is an increase of 23.0%. For the reporting period, this resulted in a 0.9-percentage-point improvement in the return on sales to 5.8% (same period of the previous year 4.9%). In addition to the expense reductions, the Asklepios Group is also benefiting from the strategic investment in Rhön-Klinikum AG and the dividend received in the reporting year. This is developing very positively with a double-digit yield.

Asklepios took a significant measure in the third quarter to secure the Group's financing for the years to come. In August 2015, Asklepios Kliniken GmbH placed a promissory note loan of EUR 580 million and thus successfully concluded one of the largest promissory note issues in the healthcare sector. Due to the high demand, the issue was many times oversubscribed, so the originally planned issue volume of EUR 200 million was increased to a total of EUR 580 million. The funds received serve general business and growth financing as well as more affordable refinancing. For example, the placement of the promissory note allowed more expensive financing to be repaid and converted into more affordable financing. The promissory note was placed with fixed and variable interest. The average term is eight years.

On 30 September 2015, the Group's net debt amounted to EUR 566.4 million and had thus fallen compared to 31 December 2014 (EUR 581.5 million). The higher-interest subordinated capital of EUR 47.0 million was repaid in full in the third quarter of 2015. The debt ratio improved on the previous year (31 December 2014 1.8x) to 1.6 times EBITDA. The equity ratio amounted to 32.8% and was therefore lower than at the end of 2014 (31 December 2014 35.0%) despite an absolute increase in equity of more than EUR 140 million (+14.0%). The reason for this was the increase in total assets due to the placement of the promissory note loan. Cash and cash equivalents amounted to EUR 606.3 million, unutilised credit facilities to EUR 532.5 as of 30 September 2015 (31 December 2014 EUR 682.7 million). These credit facilities secure the Group a persistently high level of financial reserves available at short notice.

## B. General economic conditions

Despite uncertainty regarding the latest financial market turbulence in foreign economies, economic development in Germany is on the up. According to the German Federal Statistical Office, gross domestic product (GDP) in the second quarter of 2015 was 0.4 % higher than in the first quarter. There had likewise been a slight increase of 0.3 % at the start of the year. The Federal Ministry for Economic Affairs cites several reasons for the robustness of the German economy: Industrial production is developing positively. The construction industry is growing again and German foreign trade is also flourishing. The still favourable situation on the employment market, including positive income prospects for example, is also supporting private household consumption in Germany.<sup>1</sup>

Indicators suggest that the growth of the German economy has also continued in the third quarter. For the months from July to September 2015, the Economic Barometer of the German Institute for Economic Research (DIW Berlin) reports an increase in gross domestic product by 0.4 % on the previous quarter.<sup>2</sup> For the current year, the economic researchers predict a 1.8 % increase in German gross domestic product.<sup>3</sup> For next year, they expect growth of 1.9%.

The economic prospects differ for industrialised and emerging nations. In China, uncertainty over the state of the economy has increased considerably. Low oil prices are also curbing the growth prospects of commodity-exporting emerging nations like Russia and Brazil. In the euro zone and Japan, however, economic development seems to be stable. The United States recently also reported positive growth figures.<sup>4</sup>

## C. General sector conditions

Growth in the healthcare market continues to vary between individual federal states. On the other hand, performance continues to increase considerably in urban regions. Especially in metropolitan regions like Hamburg, hospitals with excellent reputations also draw patients from neighbouring areas. It is relatively low in the non-city states, also because of demographic influences. Performance also varies between individual hospitals within the regions. It is apparent that clear performance profiles result in increasing demand. This applies in particular to typical age-related complaints, such as diseases of the metabolism, lungs, cardiovascular system and the digestive system. Asklepios expects this development to continue in the next quarter.

Demand is likewise increasing in the field of psychiatry, but not as sharply as in previous years. The day-patient cases of the day clinics, where growth has not declined, are an exception. Here, patients appreciate in particular the proximity to their homes and the flexible treatment.

The rate of change, which is the benchmark for the maximum increase in base rates at state level, is 2.53% for 2015. A change rate of 2.95% has been announced for next year, which is 0.42 percentage points higher than in 2015. As a result of performance and the development of expenditure in other performance segments (e.g. additional fees), the actual increase in unweighted base rates at state level averages approximately 2%. According to the current version of the Hospital Structure Act (KHSG), the development of expenditure in other performance segments will be disappplied from as early as 2016. In addition, the additional services discount of 25% for agreed additional services in 2015 and 2016 was extended to three years. The discount is intended to

1) Federal Ministry for Economic Affairs and Energy: The economic situation in Germany in September 2015

2) DIW Berlin, Economic Barometer, 28 October 2015

3) DIW Berlin, Fall Baselines 2015

4) Federal Ministry for Economic Affairs and Energy: The economic situation in Germany in September 2015

incentivise hospitals not to offer an unjustified expansion of the volume of services. Starting from 2017, a fixed cost degression discount will be introduced with the KHSB. This discount is to be agreed at state level and is estimated at between 35% and 55%. The fixed cost degression discount is also to be paid over three years for each agreed additional service. As financial support, hospitals receive an annual care surcharge of 0.8% of invoiced services. However, this will be paid only until the end of 2016. Starting from 2017 there will be the nursing care surcharge introduced with the KHSB, which also allocates the current funds without requiring individual proof for the specific hospital. The hygiene programme, which partially funds the cost increases due to the Infection Prevention Act, has become established procedure following various arbitration rulings and legislative changes. However, its share of the total budget is rather small at 0.1%. A 10-point plan from the Federal Ministry for Health to combat resistant pathogens is currently being discussed, which involves, for example, screenings before hospital stays. In addition, the topic of hygiene is to be added to quality reports.

The provisions of the KHSB, with a discount that is expected to be considerably higher, are increasing the pressure on hospitals to not only perform but also to arrange additional services no later than 2016. Overall, a number of other legal reforms provided for in the cabinet draft were eased following the intervention of the Bundesrat. For example, the discount was originally to be paid over five years and allowed for considerably fewer exception provisions.

The Statutory Health Insurance Care Strengthening Act, which was passed in June 2015, is chiefly intended to implement the specifications of the coalition parties' key issue paper on outpatient care. Most relevant for hospitals is the authorisation for outpatient care. This means that hospitals can offer additional outpatient services in areas without sufficient provision and bill them via the Association of Statutory Health Insurance Physicians. The establishment of appointment service points and the second opinion from hospital physicians will result in further increased utilisation of clinics' outpatient offerings. The second opinion concept offers specialist clinics in particular the opportunity to gain more patients for their own clinics regardless of additional remuneration.

The development of personnel expenses is continuously influenced by the strained situation on the employment markets for doctors and nursing professions. Four collective agreements are expiring in late 2015/early 2016, which results in a collective bargaining risk. However, Asklepios expects the increase in 2016 to be in line with the national development in real wages in Germany. In addition to the collective agreements, Asklepios incurs additional monthly personnel expenses, especially to make healthcare professions more attractive and to counteract the emerging shortage of qualified staff. Against this backdrop, Asklepios has already taken measures to improve work-life balance. Asklepios is still investing continuously in medical facilities to make the working environment even more attractive.

## D. Outlook

On the basis of the good business development in the first three quarters, Asklepios is also optimistic for 2015 as a whole. The continuous growth in patient numbers and the increase in revenue in particular are at the upper end of the industry average according to the Group's estimate. The good development is mainly due to medical services of outstanding quality that are in line with demand and often selected by patients as a preference.

The high investments of own funds in individual locations that Asklepios is continuously able to make thanks to its financial strength clearly distinguish the Group's facilities from financially weaker groups and hospitals. The investments allow Asklepios to continue improving clinical processes and thus reduce the consumption of resources. In addition, Asklepios invests continuously in the education and training of its staff. The investments increase patient satisfaction and induce increasing numbers of people to choose Asklepios hospitals.

The Asklepios Group will continue to pursue the specialism concept (“Centres of Excellence”) in future. “Centres of Excellence” are high-performance centres that focus on the treatment of certain diseases. To this end, specialists are employed at these centres. Specialisms have already been defined for many Asklepios hospitals. This concept is supported by stronger cooperation and targeted network building within the Group. With these measures, it remains possible for Asklepios to prevail in the present environment and to achieve above-average growth.

For the inpatient sector, the reform of the hospital sector announced by the grand coalition will be of overriding importance. The Federal Ministry of Health has largely assigned this task to a Federal and State Commission. The current mechanisms of the care surcharge and the discount for additional services were first continued from 2015. The stipulations of the Federal and State Commission are to be gradually introduced in various laws. This will comprehensively affect virtually all areas of financing. The focal point of these measures are pricing, quantity control, structural requirements, the reduction of overcapacity and quality. The quality issue is central for politicians, while indicators for structural and process quality, in addition to the quality of medical outcomes, will also form a basis for decisions in planning at state level. In the Statutory Health Insurance Care Strengthening Act, which was adopted in June 2015, above all the intention to leave existing authorisations in place in the context of specialist outpatient care is relevant to hospitals. The establishment of appointment service points and the second opinion from hospital physicians will result in further increased utilisation of clinics’ outpatient offerings. The second opinion concept offers specialist clinics in particular the opportunity to acquire patients for treatment in their own clinics. The Prevention Act, which was passed by the Bundestag in June 2015, includes EUR 500 million per year for primary prevention from 2016, to be provided to health insurance funds from the federal budget. A crucial factor for future hospital financing is the Hospital Structure Act. There has been massive political discussion surrounding this law, which is intended to implement the main stipulations of the Federal and State Commission. The compromise that has since been agreed still needs to be approved by the Bundesrat, but is considered secure.

The legislation currently being discussed means both risks and opportunities for Asklepios; the intended procurement models are easier for a group to negotiate and implement than for individual clinics. The refinancing of centres can have a positive effect, though centres can only be built if a sufficient performance figure is possible, which will be next to impossible for clinics in rural regions. The service guarantee incentives being discussed will generally benefit loss-making municipal clinics, as refinancing with incentives is only planned when an entire operation experiences a shortage. It is striking that politicians tend to equate quality more with structural quality and less with the quality of results. Politicians primarily understand structural quality as meaning a minimum of staff in the groups involved. Asklepios is already excellently positioned regarding all of these quality requirements.

On the basis of the good development in the first three quarters of 2015, the Asklepios Group confirms its outlook for the year as a whole. The Group’s business goals for 2015 include organic revenue growth in a range of around 2% to 4% and a slight but sustainable increase in EBIT and EBITDA compared to the previous year. The equity ratio is expected to increase slightly in the 2015 financial year as a whole compared to the previous year. We will achieve this goal after adjusting total assets for the effects of the successful refinancing measure in the third quarter of 2015.



## E. Net assets, financial position and results of operations

### 1) Business performance and results of operations

EUR'000	9 months 2015	9 months 2014	Relative change
Revenue	2,312,289	2,263,305	2.2%
Other operating income	170,144	162,820	4.5%
Cost of materials	510,862	510,022	0.2%
Personnel expenses	1,475,680	1,456,503	1.3%
Other operating expenses (not including rental expenditure)	190,708	183,471	3.9%
<b>EBITDAR</b>	<b>305,183</b>	<b>276,129</b>	<b>10.5%</b>
Rental expenditure	39,504	40,739	-3.0%
<b>EBITDA</b>	<b>265,679</b>	<b>235,390</b>	<b>12.9%</b>
Depreciation, amortisation and impairment	85,792	82,631	3.8%
<b>EBIT</b>	<b>179,886</b>	<b>152,759</b>	<b>17.8%</b>
Financial result	-16,693	-22,871	-37.0%
Income taxes	-28,067	-20,044	40.0%
<b>Consolidated interim income</b>	<b>135,126</b>	<b>109,844</b>	<b>23.0%</b>

Revenue increased by 2.2% in the first nine months from EUR 2,263.3 million to EUR 2,312.3 million. 2.1% resulted from organic growth in the number of patients.

A total of 84.4% (previous year 84.7%) of revenue was generated in acute-care hospitals, 14.8% (previous year 14.4%) in rehabilitation clinics and 0.8% (previous year 0.8%) in other facilities.

Other operating income of EUR 170.1 million (previous year EUR 162.8 million) includes income from other services, additional operations, cost reimbursements and other grants. The increase results in particular from higher pharmacy income and higher income from rental and leasing.

Group key figures	9 months 2015	9 months 2014	Absolute change
Total patients	1,723,270	1,635,943	+87,327
Valuation ratio	436,610	432,890	+3,720
Number of beds	26,669	26,534	+135

Patient numbers increased from 1,635,943 in the same period of the previous year to the current level of 1,723,270. This growth was overwhelmingly organic and resulted primarily from the stronger cooperation and targeted network building between Asklepios hospitals. We treated 529,025 inpatients, which is 1.8% more than in the previous year. The number of patients we treated as outpatients rose to 1,194,245, which is 7.0% higher than in the same period of the previous year. The further expansion of care structures that are as comprehensive as possible in combination with targeted offerings in high-demand medical fields was the focus here. In the acute sector the valuation ratios increased by 3,720 (+0.9%) to 436,610 in the first nine months of 2015. Treatment days in the post-acute sector fell slightly by -3,364 (-0.2%) to 2,146,868 days. In psychiatry, 26,591 more days (+2.7%) and thus a total of 999,733 days were worked.

Average inpatient case income increased slightly from EUR 3,886.62 to EUR 4,027.66. With a slight increase in the number of beds accompanied by a slight reduction in the number of hospitalisation days in the post-acute area, utilisation fell to 83.4% (previous year 84.0%).

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

	9 months 2015	9 months 2014
Cost of materials ratio	22.1%	22.5%
Staff costs ratio	63.8%	64.4%
Other expenses ratio (not including rental expenditure)	8.2%	8.1%
Rental expense ratio	1.7%	1.8%
<b>EBITDA</b>	<b>11.5%</b>	<b>10.4%</b>
Depreciation and amortisation expense ratio	3.7%	3.7%
<b>EBIT</b>	<b>7.8%</b>	<b>6.7%</b>

The cost of materials ratio was reduced again in the first nine months. The staff costs ratio also fell slightly year on year by 0.6 percentage points. Other expenses not including rental expenditure were slightly higher than in the previous year at 8.2% of revenue.

The absolute cost of materials increased by an only very slight EUR 0.8 million on the same period of the previous year to EUR 510.8 million (Q3 2014 EUR 510.0 million). The energy model established by Asklepios and the operation of combined heat and power plants were crucial to this positive development and resulted in a significant decline in energy expenses of EUR 6.9 million compared the same period of 2014. Purchased services under cost of materials were reduced by EUR 1.2 million. The medical requirement for blood, banked blood, blood plasma and examinations in third-party institutions declined and expenses relating to implants and transplants were also lowered.

In absolute terms, staff costs rose at a lower rate than revenue of 1.3% in the first nine months from EUR 1,456.5 million to EUR 1,475.7 million and resulted in a slightly lower staff costs ratio of 63.8% (same period of the previous year 64.4%). The average number of full-time equivalents employed was 34,549 (Q3 2014 34,174). In the areas of personnel leasing and fee-based physicians, there was decreased employment of external staff.

Asklepios reported a change in other operating expenses (excluding rental expenditure) in the first nine months of EUR 7.2 million to EUR 190.7 million (same period of the previous year EUR 183.5 million). The ratio was up slightly year on year at 8.2%. The absolute increase was especially the result of expenses for maintenance and servicing and for IT requirements.

EBITDA improved significantly by EUR 30.3 million to EUR 265.7 million in the first nine months of 2015 (previous year EUR 235.4 million). This corresponds to a margin of 11.5% (previous year 10.4%) and an increase of 1.1 percentage points. EBITDA includes large seven-figure sums for the consumption of provisions for billing services and personnel risks. Asklepios made progress in negotiations with contract partners that improved the earnings.

Depreciation and amortisation of EUR 85.8 million (3.7%) increased slightly in relation to revenue (same period of the previous year EUR 82.6 million or 3.7%). The absolute increase of EUR 3.2 million year on year resulted from investments in expansion in the previous year.

With EBIT amounting to EUR 179.9 million after EUR 152.8 million in the same period of the previous year, the EBIT margin improved considerably to 7.8% (previous year 6.7%).

The financial result was EUR –16.7 million (previous year EUR –22.9 million). The change resulted in particular from the net investment income of EUR 9.3 million (previous year EUR 1.7 million). At EUR 0.8 million, interest income was down on the previous year (EUR 1.9 million). At EUR –26.9 million, interest expenses in the first nine months were on a par with the previous year (EUR –26.5 million).

Tax expense rose by EUR 8.1 million to EUR 28.1 million (previous year EUR 20.0 million), resulting in a tax rate of 17.2% (previous year 15.4%).

Consolidated net income increased year on year, climbing from EUR 109.8 million to EUR 135.1 million. The return on sales totalled 5.8% in the first nine months of 2015 (previous year 4.9%).

## 2) Comparison of third quarter

July to September	2015	2014	Relative change
Patients *	617,754	547,525	12.8%
<b>EUR'000</b>			
Revenue	771,165	752,488	2.5%
Other operating income	56,337	50,205	12.2%
Cost of materials	173,058	168,714	2.6%
Personnel expenses	477,241	475,306	0.4%
Other operating expenses (not including rental expenditure)	66,675	61,035	9.2%
<b>EBITDAR</b>	<b>110,528</b>	<b>97,638</b>	<b>13.2%</b>
Rental expenditure	13,303	13,827	–3.8%
<b>EBITDA</b>	<b>97,226</b>	<b>83,811</b>	<b>16.0%</b>
Depreciation, amortisation and impairment	29,069	28,040	3.7%
<b>EBIT</b>	<b>68,157</b>	<b>55,771</b>	<b>22.2%</b>
<b>Operating cash flow</b>	<b>108,400</b>	<b>114,200</b>	<b>5.1%</b>

\* for the purposes of comparison, the previous year's figure has been adjusted for consolidation effects.

In a quarterly comparison, revenue rose by 2.5% due to the increase in treated patients, whereby the increase in patient numbers is clearly attributable to outpatient care. The Group's active cost management meant that the relevant expense ratios in the comparative period developed at a slower rate than revenue growth and in some cases declined. The cost of materials was considerably reduced with regard to energy supplies. EBITDA therefore increased by 16.0% to EUR 97.2 million in the third quarter. In addition to the significant rise in EBITDA, operating cash flow was also affected by the change in working capital, particularly with an increase in receivables from health insurance funds, which are expected to level off subsequently.

### 3) Financial position and net assets

The Group's balance sheet and financing structures remain sound. In the same way as on 31 December 2014, non-current 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 August 2015, Asklepios Kliniken GmbH placed a promissory note loan of EUR 580 million and thus successfully concluded one of the largest promissory note issues in the healthcare sector. The Group accordingly has a substantial level of cash and cash equivalents at its disposal. In addition to cash and cash equivalents of EUR 606.3 million, the Group has unutilised credit facilities of EUR 532.5 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 30 September 2015:

EUR million	30/09/2015	31/12/2014
Financial liabilities (2014: including subordinated capital)	1,172.7	742.7
Cash and cash equivalents	606.3	161.2
Net liabilities (2014: including subordinated capital)	566.4	581.5
EBITDA (for the preceding four quarters)	360.7	330.4
<b>Net debt/EBITDA</b>	<b>1.6x</b>	<b>1.8x</b>

This means that, at 1.6x (previous year 1.8x), 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 higher-interest subordinated capital of EUR 47.0 million was repaid in full in the third quarter of 2015.

Compared with German industry as a whole and the relevant competitors within the industry, this leverage can be considered positively low. In addition, the interest coverage factor (EBITDA/interest result) amounted to 10.2x in the first nine months of 2015 (same period of the previous year 9.6x).

Summarised statement of financial position in EUR million	30/09/2015		31/12/2014	
Non-current assets	2,278.5	65.4%	2,160.0	75.4%
Current assets	1,205.7	34.6%	703.4	24.6%
<b>Assets</b>	<b>3,484.2</b>	<b>100.0%</b>	<b>2,863.4</b>	<b>100.0%</b>
Equity	1,142.1	32.8%	1,001.7	35.0%
Participation capital/subordinated capital	0	0.0%	47.0	1.6%
Non-current liabilities and provisions	1,717.1	49.3%	1,232.4	43.0%
Current liabilities and provisions	625.0	17.9%	582.3	20.4%
<b>Equity and liabilities</b>	<b>3,484.2</b>	<b>100.0%</b>	<b>2,863.4</b>	<b>100.0%</b>

The balance sheet and financing structures are sound. Because of the financing measures taken, total assets increased from EUR 2,863.4 million as of 31 December 2014 to EUR 3,484.2 million. Non-current assets increased by EUR 118.5 million to EUR 2,278.5 million. As of 30 September 2015, equity was more than EUR 1.1 billion and increased by EUR 140.4 million compared to 31 December 2014 to EUR 1,142.1 million. The equity ratio was 32.8% (previous year 35.0%), whereby the change is due exclusively to the increase in total assets. Adjusted for this effect, the equity ratio comparable to that of 31 December 2014 increased significantly. Equity increased in particular because of the net income generated for the year. In addition, this particularly reflects the interest rate for measuring pension provisions in the third quarter of 2015 (Q3 2015 2.3%, Q1 2015 1.5%), which caused equity to increase compared to Q1 2015 and pension provisions to decline significantly. The return on equity based on the last four quarters was 15.5% (31 December 2014 15.2%). Non-current assets are covered by long-term disposable capital. Asklepios has permanent interest-free and redemption-free access to subsidies of approximately EUR 1,237.0 million (previous year EUR 1,263.1 million). As these subsidies will only fall due for repayment in the hypothetical event of no longer being included in the hospital plan, these funds are in effect similar to equity. The higher-interest subordinated capital of EUR 47.0 million was repaid in full in the third quarter of 2015.

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

EUR million	9 months 2015	9 months 2014
EBITDA	265.7	235.4
Net cash from operating activities	234.7	261.5
Net cash used in investing activities	-186.2	-100.4
Net cash from/used in financing activities	396.5	-75.9
<b>Change in cash and cash equivalents</b>	<b>445.0</b>	<b>85.3</b>
Cash and cash equivalents on 1 January	161.2	204.1
<b>Cash and cash equivalents on 30 September</b>	<b>606.3</b>	<b>289.4</b>

As of 30 September 2015, cash and cash equivalents increased by EUR 445.0 million compared with 31 December 2014 to EUR 606.3 million. Net cash from operating activities amounted to EUR 234.7 million, representing a year-on-year decrease of EUR 26.8 million. Alongside the rise in EBITDA, the increase in trade receivables, particularly from health insurance funds, had an impact here. Cash flow from operating activities was offset by net cash used in investing activities of EUR 186.2 million (previous year EUR 100.4 million). Investments in hospitals of EUR 138.5 million were financed entirely from operating cash flow. Adjusted for real estate investments, Asklepios generated significant positive free cash flow. Asklepios intends to sell on the real estate investments made in the hotel sector to an affiliate of the Group at market value in order to make more efficient use of operational synergies. Financing activities saw a cash inflow of EUR 396.5 million (previous year cash outflow EUR -75.9 million).

## 4) Acquisitions

In the third quarter of the financial year, capital expenditure on hospital operations related to the following locations:

EUR million	9 months 2015
Asklepios Klinik Wandsbek, Hamburg	6.6
Asklepios Klinik Lindau, Lindau	5.7
Asklepios Klinik Harburg, Hamburg	4.3
Asklepios Schwalm-Eder Kliniken, Schwalmstadt	4.2
Asklepios Stadtklinik, Bad Tölz	3.0
Asklepios Schlossberg Klinik, Bad König	2.9
Asklepios Klinik Bad Oldesloe, Bad Oldesloe	2.6
Asklepios Klinik Altona, Hamburg	2.5
Asklepios Klinik Nord, Hamburg	2.3
MediClin Klinik am Brunnenberg, Bad Elster	2.1

After deducting subsidised capital expenditure, net capital expenditure on property, plant and equipment and intangible assets totalled EUR 104.1 million (previous year EUR 100.1 million), or 4.5% of revenue (previous year 4.4%). Capital expenditure on hospitals was financed by cash flow from operating activities. Without deducting subsidies, capital expenditure amounted to EUR 138.5 million (previous year EUR 154.1 million). This corresponded to 6.0% of revenue (previous year 6.8%).

Maintenance and servicing expenses increased year on year from EUR 65.1 million to EUR 69.2 million. Expressed as a percentage of revenue, 3.0% (previous year 2.9%) was invested in ongoing maintenance. Asklepios therefore used 7.5% (previous year 7.3%) 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 2014 annual report.

Our business environment is characterised by complex business interrelations, increasing regulatory requirements, scientific, medical and technological progress and the permanent demand for greater efficiency and effectiveness with regard to the increasing demands of our patients. Opportunities and risks develop slowly most of the time. Economic fluctuations have no major impact on the services we provide. Severe, sudden changes in the market environment are therefore the exception. Furthermore, the development in terms of services is supported by ongoing demographic change. Nonetheless, competition in the hospital sector has become increasingly fierce in recent years. Hospitals attract a great deal of public attention, meaning that reputation and trust are key success factors for exploiting growth potential.

With regard to performance, the statutory regulation of the compensation system is proving to be a challenge. Performance increases are remunerated with price reductions of up to 75% (165% from 2017 onwards),

budget shortfalls can also entail reduction risks. When it comes to cost development, we have to deal with steadily rising costs, especially staff costs and material expenses, which can be higher than growth due to performance increases. Adequately accounting for resulting income and cost risks is therefore one of the primary tasks of management in order to deal with the gap between income and cost increases that has been widening for years. On the other hand, such risks give rise to additional acquisition opportunities that we will continue to exploit in a selective but targeted way.

The examination procedure agreement for examinations by the MDK was concluded in July 2014. At present, the German Hospital Federation (DKG) and the GKV have yet to issue joint guidance on the interpretation of the examination procedure agreement, meaning that uncertainties concerning the agreed procedure will remain. Although it is generally assumed that the examination procedure will be accelerated, our view is that retrospective coding and, in particular, recoding within the examination procedure will be significantly impaired, while the previous flat-rate expenses of the health insurance funds for unsuccessful MDK examinations at hospitals will become less important. In June 2015, the agreement was terminated by the DKG as of 31 December 2015. A follow-up agreement for 2016 onwards that, overall, contains improvements benefiting hospitals, is expected to be signed before the end of 2015. However, the main elements of this will not take effect until 1 October 2016 as extensive IT changes must first be implemented.

The transition to a flat-rate fee system for psychiatric and psychosomatic facilities (PEPP) in stationary acute care will also have an impact on our results of operations. The transition to PEPP is intended to be mandatory in 2017 but is designed to be budget-neutral until 2018. We are currently adjusting our internal processes to reflect these new requirements. The precise impact on our results of operations is generally expected to be low, although the corresponding empirical data will become more stable over the coming months and years.

In terms of financing, the Group is subject to fundamental capital market risks. However, as a conservative company in terms of finance, and on the basis of the investment terms of the real assets, Asklepios' financing strategy is long-term in nature and therefore contains manageable short-term refinancing risks. The high levels of cash and cash equivalents, the constant cash flow, the favourable capital structure (low level of debt), broad diversification of financing partners as well as the extensive undrawn lines of credit demonstrate that we are largely independent of general developments on the capital markets. Accordingly, Asklepios considers the probability of occurrence of financing and liquidity risks that could also lead to rising interest expenses as moderate. Falling interest rates could have the opposite effect on key credit rating ratios such as the equity ratio.

We purposefully use our financial strength for a high proportion of proprietary investments in the hospitals. This increases the attractiveness of our facilities and in large measure supports sustainable organic growth. At the same time, investments improve efficiency and result in lower consequential costs. For the construction and extension of buildings and the furnishing and equipment of our hospitals, we utilise third-party services alongside internal ones. These services can cause delivery problems in the supply chains as well as quality deficits. Therefore, we base purchasing decisions, procurement and project implementation on careful and continuous monitoring of all our construction projects, our suppliers and the entire market in order to limit these risks efficiently. For some of the properties used by Asklepios, rent reductions were granted and performance-based refunds agreed prior to their recognition by the Group. The resultant risk is currently considered to be low.

In order to meet its own standard of first-class medicine, the Group makes substantial investments in the hospitals at the individual locations. However, investments in our hospitals are being financed with an ever smaller proportion of subsidies, meaning that the subsidy ratio is generally declining. This results in a risk of decreasing cash flow that has to be compensated by efficiency measures in operating business.

In addition, training and education of specialist and service staff are a high priority for us. By ensuring optimum qualification of our employees, we guarantee high innovation potential and forward-looking processes, not just in the field of first-class medicine, but also in relation to our business activities. In addition, we implement targeted staff retention measures in order to get qualified and motivated employees enthusiastic about Asklepios in the long term. We can thus systematically prevent a lack of qualified staff. Using this

approach, we fulfil both our economic and our social responsibility and take advantage of the opportunity to strengthen our brand.

Our goal is to offer modern medical services that are geared towards proximity to the patient. This is supported by cooperation within the Group and targeted network building, with a focus on establishing care structures that are as comprehensive as possible. The Asklepios strategy, which includes targeted offerings in high-demand medical fields, will also contribute to generating above-average growth in future. Sales risks in the healthcare market can nevertheless arise in the areas where location changes have to be made or the quality assessment by patients and referring doctors is lower than for other hospitals in the market.

At the same time, we are aware that risks can arise from our patients' treatment processes due to unexpected disruptions.

We minimise these operating risks firstly by maximising the quality of treatment that we ensure with our well educated and continually trained staff as part of our predefined courses of treatment. Secondly, our modern hospitals guarantee high-level care in terms of quality and technology. Furthermore, our clinical risk management (e.g. CIRS) and structured quality management ensure that we possess adequate preventive systems that we can use to identify potential error sources as well as increasing quality standards and the safety and efficiency of our processes. This ultimately allows us to achieve a permanent improvement in patient safety and treatment quality as well as process quality.

We have insured against claims from our patients, which are not completely avoidable, by using our own insurance model with an appropriate externally arranged deductible. This allows us to partially respond to the steadily rising insurance premiums of external insurers throughout the market, to increase the Group's liquidity and process claim notifications in the interest of patients and the Group itself while also taking account of the increasing claims from overwhelmingly isolated cases in risk management. In addition to patients' willingness to take legal action, there is a risk of frequent recourse claims by payers. Steadily rising premiums are being observed throughout the market for property insurance, particularly due to unfavourable loss ratios in the construction sector. This correlates with the significant rise in our property insurance expenses. Our internal insurance unit actively observes the markets, develops measures aimed at minimising the number and amount of claims where possible, and uses targeted insurance management to control insurability by way of deductibles and premiums.

These measures are supported by intensified cooperation and targeted network building within the Group, with a focus on establishing care structures that are as comprehensive as possible. The Asklepios strategy, which includes targeted offerings in high-demand medical fields, will also support us in generating above-average growth in future.

Membership in the hospital network "Wir für Gesundheit" gives Asklepios the chance to continue establishing itself in an environment of highly qualified service providers. The hospital network's offer includes a multi-operator, nationwide and quality-oriented supply network with the target of promoting members' growth and increasing case numbers.

As the second-largest provider of healthcare services in Germany, our offering is subject to a great deal of public scrutiny. Our aim is to maintain the trust in Asklepios and the Group's reputation and to be permanently open to coverage in all media. At the same time, we cannot rule out the possibility that negative press reports, e.g. on public television, or incriminatory accounts by our employees at some locations that we do not consider to fully reflect the true nature of conditions in our hospitals will damage our public perception and hence represent a risk to our reputation. We will continue to counter these risks by providing comprehensive information to the public and involving it in our strategies, conducting image campaigns and offering ample dialogue.

Potential hygiene and infection risks (e.g. Ebola) are countered by way of appropriate hygiene management concepts, structured workflows and processes and continuous employee training. Our activities take adequate



account of hygiene needs and requirements. The process evaluations and improvements forming part of the quality management processes contribute to the further improvement of our workflow quality and efficiency.

Since the reporting as of 31 December 2014, there have been no significant changes in relation to opportunities and risks. As before, we do not see any risks jeopardising the continued existence of the individual companies or the Group.

## 2) Report on post-balance sheet date events and expected developments

In the second quarter of 2015, Asklepios Kliniken GmbH decided to endow a subsidiary still to be founded with equity totalling EUR 70.0 million and to pay this to the shareholders as virtually tax-optimised dividend (spin-off). This is expected to have short-term effects on Group equity until replenishment with corresponding retained profits and to affect the development of cash flow.

No events significant for the assessment of the net assets, financial position and results of operations of the Asklepios Group occurred after 30 September 2015 up to the publication of this report.

The business goals for 2015 include organic revenue growth in a range of around 2% to 4% and a slight but sustainable increase of earnings at EBIT and EBITDA level compared to the previous year. The equity ratio is expected to increase slightly in the 2015 financial year as a whole compared to the previous year. We will achieve this goal after adjusting total assets for the effects of the successful refinancing measure in the third quarter of 2015. Owing to the volatile, mostly downward trend in interest rates on the capital market, temporary negative effects on equity, including due to the time value of money for pension provisions, cannot be ruled out.

The stated goal remains sustainable business success – particularly in the interests of the patients. The number of beds is to increase on a continual basis over the current year on the basis of Group-wide quality management (2014 report on quality of medical outcomes, 9th edition). With regard to 2015 as a whole, the trend of previous years of a greater increase of outpatients than of inpatients is expected to be borne out. As things stand, the efforts also to tangibly increase the number of inpatients on an organic basis, like in the previous year, will be successful. As well as financial figures, management will include valuation ratios as a non-financial performance indicator when managing the company. The priority is a slight year-on-year increase in valuation ratios. The new compensation system in psychiatric care is expected to be implemented cautiously – certain risks exist here based on the performance of valuation ratios, for which the Group is preparing itself.

# Consolidated interim financial statements

## Consolidated income statement

EUR'000	Note no.	9 months 2015	9 months 2014
Revenue	VI.1	2,312,289	2,263,305
Other operating income	VI.2	170,144	162,820
<b>Total operating revenue</b>		<b>2,482,433</b>	<b>2,426,125</b>
Cost of materials		510,862	510,022
Personnel expenses		1,475,680	1,456,503
Other operating expenses	VI.3	230,212	224,210
<b>EBITDA<sup>1)</sup></b>		<b>265,679</b>	<b>235,390</b>
Depreciation, amortisation and impairment – of intangible assets and property, plant and equipment		85,792	82,631
<b>EBIT<sup>2)</sup></b>		<b>179,886</b>	<b>152,759</b>
Net investment income		9,345	1,733
Interest and similar income		827	1,889
Interest and similar expenses		–26,866	–26,494
<b>Financial result</b>	VI.4	<b>–16,693</b>	<b>–22,871</b>
<b>Earnings before income taxes</b>		<b>163,193</b>	<b>129,888</b>
Income taxes	VI.5	–28,067	–20,044
<b>Consolidated interim income</b>		<b>135,126</b>	<b>109,844</b>
<i>of which attributable to the parent company</i>		<i>104,986</i>	<i>87,668</i>
<i>of which attributable to non-controlling interests</i>		<i>30,140</i>	<i>22,176</i>

<sup>1)</sup> Earnings before financial result, taxes and depreciation and amortisation

<sup>2)</sup> Earnings before financial result and taxes

## Consolidated statement of comprehensive income

EUR'000	9 months 2015	9 months 2014
<b>Consolidated interim income</b>	<b>135,126</b>	<b>109,844</b>
Change in intrinsic value of interest cap	203	203
Measurement of financial assets	25,106	15,519
Income taxes	-3,973	-2,624
<b>Total changes in value reclassified to profit or loss if certain conditions are met</b>	<b>21,336</b>	<b>13,098</b>
Change in actuarial gains (+)/losses (-) from defined benefit pension commitments and similar obligations	-18,517	-72,977
Income taxes	2,889	11,549
<b>Total changes in value not reclassified to profit or loss</b>	<b>-15,628</b>	<b>-61,429</b>
<b>Total changes in value recognised in equity (other comprehensive income)</b>	<b>5,708</b>	<b>-48,331</b>
<b>Total comprehensive income (total consolidated interim income and other comprehensive income)</b>	<b>140,834</b>	<b>61,513</b>
<i>of which attributable to the parent company</i>	<i>114,974</i>	<i>55,867</i>
<i>of which attributable to non-controlling interests</i>	<i>25,860</i>	<i>5,646</i>

## Consolidated statement of cash flows

EUR'000	Note no.	9 months 2015	9 months 2014
<b>Consolidated interim income</b>		<b>104,986</b>	<b>87,668</b>
Minority interests		30,140	22,176
Income taxes		28,067	20,044
Financial result		16,693	22,871
Amortisation and impairment of intangible assets and depreciation and impairment of property, plant and equipment		85,792	82,631
<b>Gross cash flow (EBITDA)</b>		<b>265,678</b>	<b>235,390</b>
Other non-cash transactions		3,278	939
Changes in inventories, receivables and other assets		-54,638	-4,332
Changes in liabilities and provisions		34,178	39,578
Dividend received		9,345	1,733
Interest income		749	1,888
Income taxes paid	VI.5	-23,981	-13,646
<b>Net cash from operating activities</b>		<b>234,610</b>	<b>261,550</b>
Investments in property, plant and equipment, intangible and financial assets		-178,961	-100,193
Proceeds from the disposal of non-current assets		6,494	454
Investments in subsidiaries, equity investments and financial assets		-13,681	-676
<b>Net cash used in investing activities</b>		<b>-186,148</b>	<b>-100,415</b>
Borrowing (+)/repayment (-) of financial liabilities		472,031	-33,447
Repayment of subordinated loans		-47,000	-20,900
Net cash used in hospital financing		-9,419	-1,585
Interest expenses	VI.4	-18,548	-18,477
Distributions		-507	-1,466
<b>Cash flow from financing activities</b>		<b>396,557</b>	<b>-75,875</b>
<b>Change in cash and cash equivalents</b>		<b>445,019</b>	<b>85,245</b>
Cash and liquidity at the start of the period		161,240	204,142
<b>Cash and cash equivalents at the end of the period</b>	VII.5	<b>606,258</b>	<b>289,387</b>

## Consolidated statement of financial position

EUR'000	Note no.	30/09/2015	31/12/2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill and other intangible assets	VII. 1	408,163	401,514
Property, plant and equipment	VII. 2	1,426,579	1,345,703
Financial assets accounted for using the equity method		5,909	5,388
Financial assets	VII. 6	301,742	263,775
Other financial assets	VII. 6	68,591	73,428
Trade receivables		92	172
Non-current income tax assets		1,114	1,190
Other assets		16	921
Deferred taxes		66,282	67,871
<b>Total non-current assets</b>		<b>2,278,488</b>	<b>2,159,962</b>
<b>Current assets</b>			
Inventories		106,850	96,663
Trade receivables		391,543	365,008
Current income tax assets		2,555	539
Other financial assets	VII. 6	84,547	74,127
Other assets		13,990	5,812
Cash and cash equivalents	VII. 5	606,258	161,240
<b>Total current assets</b>		<b>1,205,742</b>	<b>703,389</b>
<b>Total ASSETS</b>		<b>3,484,230</b>	<b>2,863,351</b>

EUR'000	Note no.	30/09/2015	31/12/2014
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the parent company</b>			
Issued capital		1,022	1,022
Reserves		791,912	662,907
Consolidated net income		104,986	118,625
<b>Non-controlling interests</b>		<b>244,193</b>	<b>219,163</b>
<b>Total equity</b>	VII. 3	<b>1,142,113</b>	<b>1,001,717</b>
<b>Non-current liabilities</b>			
Trade payables		380	159
Financial liabilities	VII. 6	1,111,858	630,461
Finance lease liabilities		13,769	10,739
Pensions and similar obligations		224,070	210,800
Other provisions		225,525	244,294
Deferred taxes		36,549	31,231
Other financial liabilities		96,100	93,709
Other liabilities		8,832	11,014
<b>Total non-current liabilities</b>		<b>1,717,083</b>	<b>1,232,407</b>
<b>Current liabilities</b>			
Trade payables		56,573	59,486
Participation capital/subordinated capital	VII. 4	0	47,000
Financial liabilities	VII. 6	60,810	65,197
Finance lease liabilities		601	622
Pensions and similar obligations		5,994	5,195
Other provisions		98,334	106,007
Current income tax liabilities		10,261	6,462
Other financial liabilities		148,606	140,765
Other liabilities		243,855	198,493
<b>Total current liabilities</b>		<b>625,034</b>	<b>629,227</b>
<b>Total EQUITY AND LIABILITIES</b>		<b>3,484,230</b>	<b>2,863,351</b>

## Statement of changes in consolidated equity 2015

2015 EUR'000	Equity attributable to the parent company					Non-controlling interests	Equity
	Issued capital	Revenue reserve	Fair value reserves	Group profit	Total		
<b>As at 01/01/2015</b>	<b>1,022</b>	<b>657,756</b>	<b>5,152</b>	<b>118,625</b>	<b>782,555</b>	<b>219,163</b>	<b>1,001,718</b>
Consolidated interim income	0	0	0	104,986	104,986	30,140	135,126
Other comprehensive income	0	-11,348	21,336	0	9,988	-4,280	5,708
<b>Total comprehensive income</b>	<b>0</b>	<b>-11,348</b>	<b>21,336</b>	<b>104,986</b>	<b>114,974</b>	<b>25,860</b>	<b>140,834</b>
Change in the consolidated group	0	0	0	0	0	32	32
Change in equity interests in consolidated companies	0	371	0	0	371	-596	-226
Compensation payment obligations	0	0	0	0	0	-451	-451
Other changes	0	20	0	0	20	185	205
Allocations to reserves	0	118,625	0	-118,625	0	0	0
<b>Total transactions recognised directly in equity</b>	<b>0</b>	<b>119,016</b>	<b>0</b>	<b>-118,625</b>	<b>391</b>	<b>-830</b>	<b>-440</b>
<b>As at 30/09/2015</b>	<b>1,022</b>	<b>765,423</b>	<b>26,488</b>	<b>104,986</b>	<b>897,920</b>	<b>244,193</b>	<b>1,142,113</b>

2014 EUR'000	Equity attributable to the parent company					Non-controlling interests	Equity
	Issued capital	Revenue reserve	Fair value reserves	Group profit	Total		
<b>As at 01/01/2014</b>	<b>1,022</b>	<b>616,631</b>	<b>-1,197</b>	<b>100,408</b>	<b>716,864</b>	<b>209,393</b>	<b>926,257</b>
Consolidated interim income	0	0	0	87,668	87,668	22,176	109,844
Other comprehensive income	0	-44,899	13,098	0	-31,801	-16,530	-48,331
<b>Total comprehensive income</b>	<b>0</b>	<b>-44,899</b>	<b>13,098</b>	<b>87,668</b>	<b>55,867</b>	<b>5,646</b>	<b>61,514</b>
Change in equity interests in consolidated companies	0	-15	0	0	-15	0	-15
Compensation payment obligations	0	0	0	0	0	-1,466	-1,466
Allocations to reserves	0	100,408	0	-100,408	0	0	0
<b>Total transactions recognised directly in equity</b>	<b>0</b>	<b>100,393</b>	<b>0</b>	<b>-100,408</b>	<b>-15</b>	<b>-1,466</b>	<b>-1,481</b>
<b>As at 30/09/2014</b>	<b>1,022</b>	<b>672,125</b>	<b>11,901</b>	<b>87,668</b>	<b>772,716</b>	<b>213,573</b>	<b>986,289</b>

# Notes to the consolidated interim financial statements

## I. Basis of the consolidated interim financial statements

The company is named Asklepios Kliniken Gesellschaft mit beschränkter Haftung (hereinafter also referred to as “AKG”, the “company” or the “Group”), Rübenkamp 226, 22307 Hamburg (Germany), and is entered in the commercial register of the Hamburg District Court under 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 differences in terms of personnel and company law. The operating entities are mainly equity interests in the three sub-group interim financial statements of Asklepios Kliniken Verwaltungsgesellschaft mbH (“AKV”), Königstein im Taunus (100% equity interest), Asklepios Kliniken Hamburg GmbH (“AKHH”), Hamburg (74.9% equity interest), and MediClin Aktiengesellschaft, Offenburg (52.73% equity interest), that are included in the consolidated interim financial statements.

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

## II. Accounting principles

The consolidated interim financial statements for the period as of 30 September 2015 have been prepared for the results of the first nine months of 2015 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 2015.

The fair value reserve changed by EUR 21,336 thousand in the reporting period, with a balance of EUR 26,488 thousand as of 30 September 2015 (31 December 2014 EUR 5,152 thousand). The change in the fair value of cash flow hedges of EUR 203 thousand (previous year EUR –339 thousand) and the measurement of financial assets of EUR 21,133 thousand (30 September 2014 EUR 12,240 thousand) are recognised 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 2014.

In order to prepare the consolidated interim financial statements, the accounting policies presented in detail in the 2014 consolidated financial statements were applied unchanged with the exception of the following IFRSs that were required to be applied for the first time as at 1 January 2015. For details, please refer to the corresponding explanations.

The following new versions and amendments of IFRS standards and interpretations have come into force but did not have any impact on the figures and disclosures made in the consolidated interim financial statements of the Group when they were applied for the first time, with the exception of the description of accounting policies:

- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
- Improvements to the International Financial Reporting Standards, 2010–2012 cycle and 2011–2013 cycle (December 2013)
- IFRIC 21 – Levies

The new regulations have no impact on the disclosures in the interim financial statements.

The IASB draft on accounting for leases will result in a significant increase of the finance 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.

## III. Basis of consolidation

In addition to AKG as the ultimate parent, the consolidated Group also includes the subsidiaries over which AKG 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 control is lost.

Associates are entities over which the Group has significant influence but no control. Investments in associates are reported using the equity method.

As at 30 September 2015, Asklepios operates a total of around 150 healthcare facilities such as nursing homes, medical centres for shared practices and other medical centres.

## IV. Business combination

### Acquisitions in 2015

On 1 April 2015, the Asklepios Group acquired Medizinisches Versorgungszentrum (medical centre, MVZ) Dr. med. Lemberger und Kollegen in Bad Kötzting and MVZ Lemberger in Cham. The medical centres focus on orthopaedics, neurosurgery, surgery and sports medicine and thus augment Asklepios' spectrum of treatment, especially in the locations Lindenlohe, Bad Abbach and Oberviechtach. The two medical centres are consolidated for the first time in these consolidated interim financial statements. Transaction costs of EUR 115 thousand were incurred and goodwill of EUR 1.3 million recognised. The articles of association were revised at the shareholder meeting on 23 September 2015. The names (see table below) and objectives of the companies were also changed.

The acquisition has only an immaterial effect on consolidated net income. In the statement of comprehensive income, revenue of EUR 0.4 million and earnings of EUR –0.1 million have been recognised since the initial consolidation. If the Group had obtained control as of 1 January 2015, the revenue would have increased by another EUR 0.4 million and the earnings declined by EUR –0.1 million.

In the second quarter of 2015, the call option granted for the remaining shares in Sächsische Schweiz Kliniken GmbH, Sebnitz, was exercised. The Group purchased an additional 6.275% of the shares, increasing its holding to 100%.

Name, headquarters	Capital share in % 31/12/2014	Purchase in % Q2 2015	Capital share in % 30/09/2015
Asklepios Gesundheitszentrum Bad Kötzting GmbH, Bad Kötzting (formerly MVZ Dr. med. Lemberger und Kollegen GmbH)	0.0	100.0	100.0
Asklepios Gesundheitszentrum Cham GmbH, Cham (formerly MVZ Lemberger Cham GmbH)	0.0	100.0	100.0
Sächsische Schweiz Kliniken GmbH, Sebnitz	93.725	6.275	100.0

The AKHH sub-group currently holds 49.0% of the share capital of MAH Medizinische Akademie Hamburg GmbH. A further share of 2.0% was acquired on 31 July 2015. The AKHH sub-group has thus become the majority shareholder with 51.0% of the shares. MAH Medizinische Akademie Hamburg GmbH was fully consolidated in the consolidated financial statements of AKHH for the first time in the third quarter of 2015. EUR 500.00 cash was paid for the acquisition. In connection with the purchase, the acquired assets and liabilities were reassessed and a profit of EUR 21 thousand was recognised as of the acquisition date.

## V. Accounting methods

### 1) Goodwill and investments measured using the equity method

Goodwill and the carrying amounts of investments recognised using the equity method are tested for impairment once a year. 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 of 31 December 2014.

## 2) Sensitivity in relation to changes to the assumptions made

There were no significant changes as against the end of 2014 with regard to the calculation of value in use, the assumptions applied when calculating provisions, etc., with the exception of the assumptions and estimates regarding the defined-benefit pension obligation resulting from the termination with a pension institution and the change in the interest rate for pension provisions, which was set at 2.3% in this Interim Group management report (previous year 2.5%).

## VI. Selected notes to the consolidated income statement

### 1) Revenue

Revenue breaks down by business segment as follows:

EUR million	Q3 2015	Q3 2014	9 months 2015	9 months 2014
<b>Business segments</b>				
Clinical acute care	646.7	632.7	1.950.4	1.917.8
Post-acute and rehabilitation treatment	117.9	113.6	342.9	326.7
Social and welfare facilities	5.0	4.8	14.7	14.1
Miscellaneous	1.6	1.4	4.3	4.7
<b>Total</b>	<b>771.2</b>	<b>752.5</b>	<b>2.312.3</b>	<b>2.263.3</b>

### 2) Other operating income

Other operating income is broken down as follows:

EUR million	9 months 2015	9 months 2014
Income from ancillary, additional and other operations	56.3	50.6
Income from operations	54.2	50.4
Income from other grants	26.3	24.5
Income from cost reimbursements	22.4	23.2
Miscellaneous other operating income	10.9	14.1
<b>Total</b>	<b>170.1</b>	<b>162.8</b>

Income from operations includes income from pharmacy sales as a major item. Income from ancillary, additional and other operations includes rental income of EUR 11.3 million (same quarter of the previous year EUR 8.1 million).

### 3) Other operating expenses

Other operating expenses relate to:

EUR million	9 months 2015	9 months 2014
Maintenance and servicing	69.2	65.1
Rental expenditure	39.5	40.7
Taxes, duties and insurance (including outstanding claims reserves)	26.9	27.6
Contributions, consulting and audit fees	21.8	21.7
Office supplies, postage and telephone charges	15.5	15.5
Other administrative and IT expenses	12.8	12.2
Advertising and travel expenses	10.5	9.5
Training expenses	9.3	9.7
Miscellaneous	24.7	22.2
<b>Total</b>	<b>230.2</b>	<b>224.2</b>

### 4) Financial result

Net finance costs break down as follows:

EUR million	9 months 2015	9 months 2014
Investment income	9.4	1.7
Interest and similar income	0.8	1.9
Interest and similar expenses	-26.9	-26.5
<b>Financial result</b>	<b>-16.7</b>	<b>-22.9</b>

### 5) Income taxes

Income taxes are broken down as follows:

EUR million	9 months 2015	9 months 2014
Current income taxes	-24.0	-21.4
Deferred income taxes	-4.1	1.4
<b>Total</b>	<b>-28.1</b>	<b>-20.0</b>

## VII. Selected notes to the consolidated interim statement of financial position

### 1) Goodwill and other intangible assets

2015 EUR'000	Goodwill	Other intangible assets	Prepayments for intangible assets	Total
<b>Cost</b>				
As at 01/01/2015	366,923	86,722	15,471	469,116
Additions/investments similar to acquisitions	1,997	3,591	2,127	7,715
Disposals	-325	-602	0	-927
Reclassification	0	7,425	-102	7,323
<b>As at 30/09/2015</b>	<b>368,596</b>	<b>97,136</b>	<b>17,496</b>	<b>483,227</b>
<b>Cumulative depreciation, amortisation and impairment</b>				
As at 01/01/2015	-14,180	-53,422	0	-67,602
Additions	0	-6,507	-4	-6,511
Disposals	0	591	0	591
Reclassification	0	-1,544	0	-1,544
<b>As at 30/09/2015</b>	<b>-14,180</b>	<b>-60,881</b>	<b>-4</b>	<b>-75,066</b>
<b>Residual carrying amounts</b>				
<b>As at 31/12/2014</b>	<b>352,743</b>	<b>33,300</b>	<b>15,471</b>	<b>401,514</b>
<b>As at 30/09/2015</b>	<b>354,416</b>	<b>36,255</b>	<b>17,492</b>	<b>408,163</b>

## 2) Property, plant and equipment

2015 EUR'000	Land and buildings including buildings on third-party land	Technical equipment and machinery	Operating and office equipment	Assets under construction	Total
<b>Cost</b>					
As at 01/01/2015	1,504,624	117,893	460,400	46,741	2,129,658
Additions	16,247	2,158	28,343	49,960	96,709
Investments similar to acquisitions and changes in the consolidated Group	74,838	0	112	176	75,126
Disposals	-5,113	-351	-10,024	-1,268	-16,756
Reclassification	10,915	2,079	-4,127	-16,190	-7,323
<b>As at 30/09/2015</b>	<b>1,601,511</b>	<b>121,777</b>	<b>474,705</b>	<b>79,421</b>	<b>2,277,414</b>
<b>Cumulative depreciation, amortisation and impairment</b>					
As at 01/01/2015	-465,455	-48,999	-269,501	0	-783,955
Additions	-36,090	-7,036	-36,155	0	-79,281
Disposals	1,373	312	9,173	0	10,858
Reclassification	0	0	1,544	0	1,544
<b>As at 30/09/2015</b>	<b>-500,172</b>	<b>-55,723</b>	<b>-294,940</b>	<b>0</b>	<b>-850,835</b>
<b>Residual carrying amounts:</b>					
<b>As at 31/12/2014</b>	<b>1,039,169</b>	<b>68,894</b>	<b>190,899</b>	<b>46,741</b>	<b>1,345,703</b>
<b>As at 30/09/2015</b>	<b>1,101,338</b>	<b>66,054</b>	<b>179,765</b>	<b>79,421</b>	<b>1,426,579</b>

## 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) Subordinated capital

Participation certificates issued by the company with an average term to maturity of around nine years were recognised in subordinated capital as of 31 December 2014 up to the middle of Q3 2015. The participation capital of EUR 47.0 million was fully repaid in Q3 2015.

## 5) 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.

## 6) 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 shows market prices (unadjusted) used on the active market for identical assets and liabilities.
- Level 2 shows inclusive 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 shows 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 determined 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 factors are not based on observable market data, the instrument is assigned to level 3. In the reporting period, there were no changes (additions, disposals, gains and losses or items to be recognised in OCI) to the financial assets assigned to level 3.

There were no transfers between the different measurement levels.

### 30. September 2015

EUR million	Level 1	Level 2	Level 3	Net total
Financial assets	0.0	0.0	1.4	1.4
Available-for-sale financial assets and derivatives	298.9	0.0	0.0	298.9
Financial liabilities	0.0	1.4	0.0	1.4

### 31. Dezember 2014

EUR million	Level 1	Level 2	Level 3	Net total
Financial assets	0.0	0.0	1.4	1.4
Available-for-sale financial assets and derivatives	260.9	0.0	0.0	260.9
Financial liabilities	0.0	1.7	0.0	1.7

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

2015 EUR'000	Measurement category as per IAS 39	Amount recognised in statement of financial position as per IAS 39					Amount recognised in statement of financial position as per IAS 17	Fair value 30/06/ 2015
		Carrying amount 30/09/ 2015	Amortised cost	Cost	Fair value in other compre- hensive income	Fair value through profit or loss		
<b>ASSETS</b>		<b>1,452,773</b>	<b>1,153,904</b>	<b>0</b>	<b>298,869</b>	<b>0</b>	<b>0</b>	<b>1,452,773</b>
Cash and cash equivalents	LaR	606,257	606,257	0	0	0	0	606,257
Trade receivables	LaR	391,635	391,635	0	0	0	0	391,635
Other financial assets	AfS	298,869	0	0	298,869	0	0	298,869
Other financial assets (derivatives)	n.a.	0	0	0	0	0	0	0
Other financial assets	LaR	156,012	156,012	0	0	0	0	156,012
<b>EQUITY AND LIABILITIES</b>		<b>1,488,697</b>	<b>1,487,312</b>	<b>0</b>	<b>1,385</b>	<b>0</b>	<b>14,370</b>	<b>1,509,131</b>
Trade payables	FLAC	56,953	56,953	0	0	0	0	56,953
Financial liabilities	FLAC	1,172,668	1,172,668	0	0	0	0	1,179,737
Participation capital/ subordinated capital	FLAC	0	0	0	0	0	0	0
Finance lease liabilities	n.a.	14,370	14,370	0	0	0	14,370	14,370
Other financial liabilities (derivatives)	n.a.	1,385	0	0	1,385	0	0	1,385
Other financial liabilities	FLAC	243,321	243,321	0	0	0	0	256,686
<i>Of which: aggregated by measurement category according to IAS 39:</i>								
Loans and receivables	LaR	1,153,904	1,153,904	0	0	0	0	1,153,904
Available-for-sale financial assets	AfS	298,869	0	0	298,869	0	0	298,869
Financial liabilities measured at amortised cost	FLAC	1,472,942	1,472,942	0		0	0	1,493,376



Amount recognised in statement of financial position as per IAS 39								
2014 EUR'000	Measure- ment category as per IAS 39	Carrying amount 30/09/ 2015	Amortised cost	Cost	Fair value in other compre- hensive income	Fair value through profit or loss	Amount recognised in statement of financial position as per IAS 17	Fair value 30/06/ 2015
<b>ASSETS</b>		<b>934,865</b>	<b>673,975</b>	<b>0</b>	<b>260,890</b>	<b>0</b>	<b>0</b>	<b>934,865</b>
Cash and cash equivalents	LaR	161,240	161,240	0	0	0	0	161,240
Trade receivables	LaR	365,180	365,180	0	0	0	0	365,180
Other financial assets	AfS	260,890	0	0	260,890	0	0	260,890
Other financial assets (derivatives)	n.a.	0	0	0	0	0	0	0
Other financial assets	LaR	147,555	147,555	0	0	0	0	147,555
<b>EQUITY AND LIABILITIES</b>		<b>1,048,135</b>	<b>1,046,463</b>	<b>0</b>	<b>1,672</b>	<b>0</b>	<b>11,360</b>	<b>1,071,585</b>
Trade payables	FLAC	59,644	59,644	0	0	0	0	59,644
Financial liabilities	FLAC	695,658	695,658	0	0	0	0	703,767
Participation capital/ subordinated capital	FLAC	47,000	47,000	0	0	0	0	47,000
Finance lease liabilities	n.a.	11,360	11,360	0	0	0	11,360	11,360
Other financial liabilities (derivatives)	n.a.	1,672	0	0	1,672	0	0	1,672
Other financial liabilities	FLAC	232,801	232,801	0	0	0	0	248,142
<i>Of which: aggregated by measurement category according to IAS 39:</i>								
Loans and receivables	LaR	673,975	673,975	0	0	0	0	673,975
Available-for-sale financial assets	AfS	260,890	0	0	260,890	0	0	260,890
Financial liabilities measured at amortised cost	FLAC	1,035,103	1,035,103	0	0	0	0	1,058,553

## Other notes

### 1) Contingent liabilities and other financial obligations

Other financial obligations break down as follows:

EUR'000	30/09/2015	31/12/2014
Rental and lease agreements	508,120	483,617
Capital commitments	14,100	38,671
Maintenance and supply agreements	44,843	38,013
Purchase commitments	75,866	31,576
Insurance contracts	2,061	2,041
Miscellaneous	21,408	18,453
<b>Total</b>	<b>666,398</b>	<b>612,371</b>

The obligation arising from rental and lease agreements primarily relates 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.

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

EUR'000	
Less than one year	136,567
Between 2 and 5 years	186,526
More than 5 years	343,305
<b>Total</b>	<b>666,398</b>

### 2) Related party disclosures

For Asklepios Kliniken Gesellschaft mit beschränkter Haftung, related parties within the meaning of IAS 24.20 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.

Compared with the consolidated financial statements as at 31 December 2014, there has been no change to the group of related parties and transactions with these parties in terms of the transaction type and the amount of the proportionate business volume. The same applies to the financial receivables and liabilities that existed with related parties.

It must be mentioned that Group companies have received purchase offers for financial assets from a related party. The related party is contractually obliged to commit to the purchase offer indefinitely. However, the related party can call on the companies in writing to accept the offer within a period of 30 days at any time. Thereafter, the offer lapses without a requirement for further clarification. The hedging transaction is classified as a fair value hedge.

### 3) Consolidated statement of cash flows

In the first nine months of 2015, cash and cash equivalents increased by EUR 445.0 million to EUR 606.3 million compared to 31 December 2014, mainly due to the placement of the promissory note loan of EUR 580 million. Net cash from operating activities amounted to EUR 234.7 million.

Net cash used in investing activities in the amount of EUR 186.2 million was financed from operating cash flow and from cash and cash equivalents. In addition, there was a cash inflow from financing activities of EUR 396.5 million due to the placement of the promissory note loan.

## 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 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 GmbH'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 GmbH 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.

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