

LIFE  
WEALTH  
WEALTH  
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HEALTH  
HEALTH  
TOGETHER

**QUARTERLY REPORT - Q1 2020**  
ASKLEPIOS KLINIKEN GMBH & CO. KGAA, HAMBURG

## Foreword by the group management

### Ladies and gentlemen,

The first quarter of 2020 was one of the most challenging in Asklepios' history. From mid-March onwards, the spread of COVID-19 had a tight grip over Germany – across all areas of society and the economy. The German healthcare system was on the frontline in the fight against the effects of the pandemic, and that included Asklepios with its roughly 160 facilities throughout Germany.

Although humbled by the continuing uncertainty surrounding this pandemic, we can say right here and now that Asklepios has made a crucial contribution to the German healthcare system in this exceptional situation. The tireless commitment of our staff and the medical services they provide is an invaluable asset to society. Up to 15 May 2020, our hospitals had treated more than 1,500 COVID-19 patients, around 600 of whom were admitted to our intensive care units. We also showed solidarity with neighbouring European countries and took on intensive-care patients from other EU countries. With its own laboratory company, Asklepios has the ability to test patients for COVID-19, particularly in the Hamburg region. More than 27,000 such tests for infection with the virus had been performed by mid-May.

This achievement was possible only because Asklepios prepared for the pandemic and took appropriate measures at an early stage. Operating processes were a crucial factor here. We provided our employees with comprehensive training based on the guidelines of the Robert Koch Institute ("RKI"). Visiting rules at all our hospitals were massively restricted at an early stage. Chronically ill employees were not assigned to high-risk areas. Our strong procurement structures and good business connections worldwide have so far enabled us to ensure a sufficient supply of the necessary protective equipment for our employees and patients. It is the combination of all these individual measures that makes safe hospital operations possible.

Over the past weeks, communication with our employees has taken place on a daily basis with coronavirus information

from the management, as well as in the weekly e-mails each Friday. Our new social intranet ASKME was the ideal platform for this. This type of close communication and regular dialogue with our employees is something that we want to maintain in the future, too – not just in this exceptional situation.

Our investment in RHÖN-KLINIKUM AG, for which we are planning a new vision for the future, therefore has particularly significant strategic importance in the 2020 financial year. In the first quarter of 2020, we decided to join forces with RHÖN founder Eugen Münch and contribute our shares in RHÖN to a joint venture. At the same time, we issued a voluntary public takeover offer for all outstanding RHÖN shares to all RHÖN shareholders. The offer period has been active since 8 April, and was extended until 17 June 2020 by the convening of an Extraordinary General Meeting of RHÖN-KLINIKUM AG. The substantiated comments of RHÖN's Management and Supervisory Boards about our offer have been positive, with both boards deeming our offer price to be reasonable. On 26 May 2020, Asklepios Kliniken GmbH & Co. KGaA obtained clearance from the German Federal Cartel Office to combine the mutual shares of RHÖN-KLINIKUM AG and RHÖN founder Eugen Münch within a joint venture company and for the voluntary public takeover offer for all outstanding shares in RKA. Clearance was granted in the initial exploratory phase without any additional requirements and conditions. Obtaining merger control clearance at such an early stage is an important milestone for our partnership with RHÖN.

Once the voluntary takeover offer has been concluded, we can immediately set about making our vision for German healthcare a reality. We are sticking with our long-term strategic orientation plans all the more in the current challenging climate. Over the further course of the 2020 financial year and despite the exceptional circumstances related to the coronavirus pandemic, which will shape the course of the next few months, we will make significant inroads with these plans.

Kind regards

Hamburg, 28 May 2020

Kai Hankeln

Hafid Rifi

Joachim Gemmel

Prof. Dr. Christoph U. Herborn

Marco Walker

## Business performance in the first quarter of 2020

In the period from January to March 2020, the healthcare facilities of the Asklepios Group cared for a total of 583,107 patients, 4.1% less than in the same period of the previous year (3M 2019: 607,054). As expected, numbers decreased in both inpatient and outpatient care as a result of the coronavirus pandemic. Starting from the shutdown in mid-March 2020, Asklepios hospitals kept intensive care beds free at an early stage so as to be prepared for a potential increase in COVID-19 patients. Operations and treatments were postponed where medically justifiable. The resulting loss of income was partly compensated by the flat-rate allowance for keeping capacity available under the German COVID-19 Hospital Relief Act passed in March 2020.

Our revenue totalled EUR 915.5 million in the first quarter of 2020, up 4.4% or EUR 39.9 million year on year (3M 2019: EUR 875.6 million). In the individual months of January and February – i.e. before the effects of COVID began – Asklepios recorded significant revenue growth. EBITDA amounted to EUR 80.8 million in the first three months of 2020 (3M 2019: EUR 77.0 million) with an EBITDA margin of 8.8% (3M 2019: 8.8%). The staff costs ratio was stable year on year at 67.3% (3M 2019: 67.4%). Absolute staff costs went up by EUR 26.7 million as a result of the rise in our employee numbers by 2.7% to 36,690 (3M 2019: 35,740). We gained new employees in the medical service and in nursing care in particular. Wage increases also had an effect on earnings. In the first quarter of 2020, the cost of materials ratio was down slightly at 20.9% (3M 2019: 21.2%). The other operating expenses ratio increased slightly to 9.2% (3M 2019: 9.1%).

Overall, consolidated net income (EAT) for the period from January to March 2020 was down year on year at EUR 9.7 million (3M 2019: EUR 13.3 million). The return on sales was impacted by depreciation, amortisation and impairment of EUR 55.9 million (3M 2019: EUR 51.5 million) and net interest expenses of EUR 12.5 million (3M 2019: EUR 11.5 million). Income from equity investments amounted to EUR 1.8 million (3M 2019: EUR 6.0 million). The EAT margin fell to 1.1% (3M 2019: 1.5%). In the first quarter of 2020, net cash flow from operating activities came to EUR 49.6 million (3M 2019: EUR 25.0 million). Investments including subsidies amounted to approximately EUR 62.6 million, the same figure seen for the same period last year. At EUR 50.1 million, the share of own funds was 80.0% in the first quarter of 2020 (3M 2019: 75.2%).

The Group's net debt amounted to EUR 1,229.0 million as at 31 March 2020 (31 December 2019: EUR 1,119.1 million). Cash and cash equivalents amounted to EUR 440.5 million (31 December 2019: EUR 265.0 million) and unused credit facilities totalled EUR 245.1 million as at 31 March 2020. The ratio of net debt to EBITDA for the past 12 months was 3.0x (31 December 2019: 2.8x). The Group thus has sufficient financial resources to fund further corporate growth.

### FORECAST

The coronavirus crisis will remain the defining issue for the healthcare sector in 2020. The financial implications are still impossible to gauge in any detail. Where medically justifiable, planned operations have been postponed to keep intensive care beds free for potential coronavirus cases. This is impacting the financial position of the hospital operators in addition to the regulatory requirements that have not been lifted. The second quarter of the year will be affected more significantly by this situation. But we will continue to press ahead with our strategic growth trajectory regardless, even in this challenging climate.

## Consolidated income statement

(UNAUDITED)

EUR '000	3 MONTHS 2020	3 MONTHS 2019
Revenue	915,524	875,552
Other operating income	57,199	56,420
	<b>972,723</b>	<b>931,972</b>
Cost of materials	191,201	185,527
Staff costs	616,505	589,832
Other operating expenses	84,227	79,620
<b>Operating result / EBITDA<sup>1</sup></b>	<b>80,791</b>	<b>76,993</b>
<b>Depreciation, amortisation and impairment</b>		
of intangible assets, of financial assets and property, plant and equipment, and of right-of-use assets	55,883	51,488
<b>Operating result / EBIT<sup>2</sup></b>	<b>24,908</b>	<b>25,504</b>
Income from equity investments	1,835	6,044
<b>Net investment income</b>	<b>1,835</b>	<b>6,044</b>
Interest and similar income	180	390
Interest and similar expenses	-12,671	-11,881
<b>Net interest income</b>	<b>-12,491</b>	<b>-11,491</b>
<b>Net finance costs</b>	<b>-10,657</b>	<b>-5,447</b>
<b>Earnings before income taxes</b>	<b>14,251</b>	<b>20,056</b>
Income taxes	-4,555	-6,721
<b>Consolidated net income for the period</b>	<b>9,696</b>	<b>13,336</b>
<i>of which attributable to the parent company</i>	8,538	8,858
<i>of which attributable to non-controlling interests</i>	1,158	4,477

<sup>1</sup> Operating earnings before interest, taxes and depreciation and amortisation

<sup>2</sup> Operating earnings before interest and taxes

## Consolidated statement of comprehensive income

(UNAUDITED)

EUR '000	3 MONTHS 2020	3 MONTHS 2019
<b>Consolidated net profit</b>	<b>9,696</b>	<b>13,336</b>
Share in OCI of an associate accounted for using the equity method	164	-89
<b>Total changes in value reclassified to profit or loss</b>	<b>164</b>	<b>-89</b>
Change in actuarial gains (+) / losses (-) from defined benefit pension commitments and similar obligations	-8	-5,980
Income taxes	1,625	268
<b>Total changes in value not reclassified to profit or loss</b>	<b>1,617</b>	<b>-5,712</b>
<b>Other comprehensive income (net of tax)</b>	<b>1,781</b>	<b>-5,801</b>
<b>Total comprehensive income</b>	<b>11,477</b>	<b>7,535</b>
<i>of which attributable to the parent company</i>	<i>10,327</i>	<i>3,088</i>
<i>of which attributable to non-controlling interests</i>	<i>1,150</i>	<i>4,447</i>

## Consolidated statement of cash flows

(UNAUDITED)

EUR MILLION	3 MONTHS 2020	3 MONTHS 2019
EBITDA	80,791	76,992
Cash flow from operating activities	49,583	24,971
Cash flow from investing activities	-138,454	-71,623
Cash flow from financing activities	264,359	-23,557
<b>Change in cash and cash equivalents</b>	<b>175,488</b>	<b>-70,210</b>
Cash and cash equivalents at the start of the period	265,047	351,626
<b>Cash and cash equivalents at the end of the period</b>	<b>440,535</b>	<b>281,416</b>

## Consolidated statement of financial position

(UNAUDITED)

EUR '000	31 MARCH 2020	31 DECEMBER 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	769,654	762,045
Property, plant and equipment	1,643,038	1,643,956
Right-of-use assets	468,205	475,832
Investments accounted for using the equity method	498,705	496,706
Financial assets	4,543	4,340
Other financial assets	70,804	65,752
Trade receivables	517	637
Other assets	9	6
Deferred taxes	87,746	86,952
<b>Total non-current assets</b>	<b>3,543,220</b>	<b>3,536,224</b>
<b>Current assets</b>		
Inventories	131,095	128,477
Trade receivables	578,923	579,693
Current income tax assets	5,418	2,194
Other financial assets	285,796	177,150
Other assets	21,326	13,247
Cash and cash equivalents	440,535	265,047
<b>Total current assets</b>	<b>1,463,092</b>	<b>1,165,807</b>
<b>Total assets</b>	<b>5,006,312</b>	<b>4,702,031</b>

## Consolidated statement of financial position

(UNAUDITED)

EUR '000	31 MARCH 2020	31 DECEMBER 2019
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to the parent company</b>		
Issued capital	101	101
Reserves	1,189,766	1,047,351
Consolidated net profit	8,538	140,431
Non-controlling interests	390,159	389,370
<b>Total equity</b>	<b>1,588,563</b>	<b>1,577,253</b>
<b>Non-current liabilities</b>		
Trade payables	71	124
Financial liabilities	1,526,699	1,269,663
Liabilities from leasing*	423,995	431,693
Pensions and similar obligations	339,175	341,661
Other provisions	221,498	217,408
Deferred taxes	54,977	54,318
Other financial liabilities	69,355	57,679
Other liabilities	7,990	8,109
<b>Total non-current liabilities</b>	<b>2,643,759</b>	<b>2,380,656</b>
<b>Current liabilities</b>		
Trade payables	65,576	87,122
Financial liabilities	121,148	114,398
Liabilities from leasing*	53,507	53,709
Pensions and similar obligations	8,678	8,698
Other provisions	83,653	85,082
Current income tax liabilities	12,682	12,264
Other financial liabilities	188,301	185,287
Other liabilities	240,444	197,561
<b>Total current liabilities</b>	<b>773,990</b>	<b>744,122</b>
<b>Total equity and liabilities</b>	<b>5,006,312</b>	<b>4,702,031</b>

\* Including amortised finance lease liabilities

2018  
2018  
2018  
2019  
2019  
2020

### Financial calendar

**30.04. Annual report 2019**

**28.05. Quarterly Report Q1**

**27.08. Interim Report H1**

**26.11. Quarterly Report Q3**

#### **KONTAKT**

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#### **DISCLAIMER**

This report contains forward-looking statements. These statements are based on current experience, estimates and projections of the management and currently available information. These forward-looking statements are not to be understood as a guarantee of future developments and results referred to therein. On the contrary, future developments and results are dependent on a wide range of factors. These include various risks and uncertainties and are based on assumptions that may not be accurate. We do not assume any obligation to update the forward-looking statements contained in this report. This report does not constitute an offer to sell or a request to submit an offer to purchase bonds of Asklepios Kliniken GmbH & Co. KGaA or its subsidiaries.



**ASKLEPIOS**

Gesund werden. Gesund leben.