

Corporate News

Bad Neustadt / Saale | 6th August 2020

RHÖN-KLINIKUM AG concludes the first six months of 2020 with increased revenues – Huge contribution towards fighting COVID-19 pandemic – Strategic partnership with Asklepios

- **First six months of 2020 characterised by our staff's dedication in our hospitals providing maximum and intermediate medical care in the fight against COVID-19 as well as takeover by Asklepios Kliniken GmbH & Co. KGaA**
- **Number of patients decreased by 8.8 percent to 394,558 with reduction especially due to fewer elective treatments because of COVID-19**
- **Revenues rose by 4.1 percent to Euro 670.5 million; EBITDA sank to Euro 35.5 million following Euro 60.9 million in the same period last year; net consolidated profit fell to Euro – 3.7 million after Euro 20.5 million in the first six months of 2019; transaction expenditure of approx. Euro 7.7 million as well as Euro 2.3 million for agreement with a former board member, negative effects from COVID-19 and nursing care regulation as well as one-off positive effects from the previous year's period influenced the reported period**
- **Board of Management and Supervisory Board wish to propose to ordinary Annual General Meeting on 19th August 2020 to refrain from paying out a dividend for financial year 2019**
- **Guidance for 2020 subject to COVID-19 effects: Revenues in the amount of Euro 1.4 billion +/- 5 percent; EBITDA in a range of Euro 72.5 million to Euro 82.5 million**

RHÖN-KLINIKUM AG undertook huge efforts to overcome the medical and economic challenges of the COVID-19 pandemic in the first six months of the current financial year. Prof. Dr. Bernd Griewing, Medical Member of the Board of Management of RHÖN-KLINIKUM AG, stated: "Whether our patients were suffering from COVID-19 or other ailments, we were able to maintain our excellent level of medical care for all our patients at RHÖN-KLINIKUM AG in this exceptional situation. We were able to maintain sufficient

capacity for medical emergencies even during the peak of the pandemic. This was only possible because we were already well prepared for the COVID-19 pandemic at an early stage. Now we are making every effort to exit our crisis mode and return to our normal working routine. We proved in the pandemic that we were able to react quickly to rising numbers of COVID-19 patients and we shall therefore also be able to bear our responsibilities in the event of a possible second wave.”

Strong Partnership with Asklepios – RHÖN-KLINIKUM AG Remains an Independent Enterprise

Apart from the COVID-19 pandemic, the first six months of 2020 were also characterised by the takeover of RHÖN-KLINIKUM AG by Asklepios Kliniken GmbH & Co. KGaA. Asklepios completed the voluntary public takeover offer to the shareholders of RHÖN-KLINIKUM AG which was announced on 28th February 2020 and published on 8th April 2020. Together with corporate founder Eugen Münch, Asklepios and Dr. Bernard große Broermann now hold approx. 93.38 percent of RHÖN-KLINIKUM AG shares with voting rights. RHÖN-KLINIKUM AG directly holds another 24,000 of its own shares.

Dr. Gunther K. Weiss, Operative Member of the Board of Management of RHÖN-KLINIKUM AG, stated: “The Board of Management of RHÖN-KLINIKUM AG welcomes the new partnership with Asklepios. With our five sites providing maximum and intermediate medical care we shall continue to remain an independent and listed enterprise under the roof of the Asklepios Group. RHÖN and Asklepios will strategically complement each other. Together with Asklepios we can drive on the further development of our avantgarde concepts for healthcare, such as the RHÖN campus model which we have already implemented in Bad Neustadt, and exploit potential synergies as well as continue the consistent digitalisation of our hospitals in a resolute manner. The intention of the strategic partnership is to obtain the best from both companies. Patient care and the associated investment potential will be the first to benefit. We wish to assume a position of strength in the hospital industry which is currently facing huge challenges due to the increasing regulatory and demographic framework conditions.”

University Hospitals as a Medical Lighthouse Project

In our strategic partnership with Asklepios our two university hospitals in Giessen and Marburg (UKGM) which have a long and successful tradition and belong to the best university hospitals in Germany from a medical and scientific as well as economic perspective will assume a key position. Together they are Germany’s third largest university hospital. As a private hospital operator RHÖN-KLINIKUM AG has invested over Euro 680 million from its own funds since the privatisation of the university hospitals in Giessen and Marburg in 2006.

First Six Months of 2020 Characterised by Special Influences

In the first six months revenues rose by 4.1 percent to Euro 670.5 million in comparison with the same period last year. At Euro 35.5 million EBITDA remained under last year’s level of Euro 60.9 million. The EBITDA margin amounted to 5.3 percent. After Euro 20.5 million last year net consolidated profit of Euro - 3.7 million stemmed from EBITDA taking depreciation, financing costs and taxes into account.

The lower financial results compared with last year are mainly characterised by one-off positive effects from the previous year in connection with dissolving provisions for legal and tax risks in the amount of

Euro 15.3 million and effects from the agreement on revenues from university out-patient clinics in the amount of Euro 6.7 million after profit-sharing. The figures for the first six months of 2020 also include transaction expenses in the amount of Euro 7.7 million and Euro 2.3 million for the severance agreement with a former Member of the Board of Management. The lower performance figures are offset by reimbursements in the amount of Euro 51.6 million as a result of COVID-19 legislation. We treated 394,558 patients in the reported period. That was 8.8 percent less than in the same period last year and especially due to fewer elective services being rendered.

Changes in the Board of Management

In the first six months of 2020 there were changes in the Board of Management in connection with the takeover by Asklepios. On 22nd June 2020 Stephan Holzinger, CEO of RHÖN-KLINIKUM AG, resigned from his position as a Member of the Board of Management and from his other positions with immediate effect. Dr. Gunther Weiss and Prof. Dr. Bernd Griewing will carry out the tasks of the Board of Management together until a new Board Member is appointed.

Dividend

Against the background of the economic challenges and the continued uncertainties regarding the further effects of the COVID-19 pandemic, the high compensation payments of hitherto Euro 51.6 million (as of 30th June 2020) and the financial burdens on our earnings and liquidity from the public takeover offer, the Board of Management of RHÖN-KLINIKUM AG will propose in the ordinary Annual General Meeting taking place on 19th August 2020 to refrain from paying out a dividend this year.

Unchanged Guidance

We continue to expect revenues in the amount of Euro 1.4 billion +/- 5 % for the current financial year 2020. We also continue to expect earnings before interest, taxes, depreciation and amortisation (EBITDA) in the range of Euro 72.5 million to Euro 82.5 million.

It is still currently not yet possible with sufficient probability to give a final assessment of the effects of the COVID-19 pandemic on our core business. This is mainly because it is currently still unclear to what extent the respective federal states are prepared to give hospitals financial support. Against this background our planning is therefore subject to the effects of the COVID-19 pandemic.

RHÖN-KLINIKUM AG is one of the largest healthcare providers in Germany. The hospital group offers excellent medical care with a direct link to universities and research institutes. Over 860,000 patients are treated every year at the five group hospitals located in Bad Berka, Bad Neustadt, Frankfurt (Oder), Giessen and Marburg where more than 18,000 employees work. RHÖN-KLINIKUM AG is currently exploiting the opportunities available to develop new areas of growth. Entering the forward-looking telemedicine market with Medgate Deutschland, the innovative RHÖN campus concept for offering avantgarde healthcare across sectoral boundaries in rural areas as well as consistently extending our gradual corporate digitalisation are key pillars of the corporate strategy.

More information under www.rhoen-klinikum-ag.com

Interim Report H1/2020

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