

Corporate News

Bad Neustadt a. d. Saale | 12 May 2022

RHÖN-KLINIKUM AG: Financial year 2022 again marked by COVID-19 pandemic

As in the previous year, the first quarter of financial year 2022 continued to feel the impact of the COVID-19 pandemic, with the omicron wave leading to an exponential rise in infections. Coupled with the seasonal incidence of diseases, this also caused staffing shortages at our hospitals which in some cases were significant. Since many employees were sick, in isolation or quarantined, the care offering had to be restricted and elective operations postponed. At the same time, inpatient service volumes were above the level of the previous year and, as expected, below the pre-pandemic level. Pandemic-related losses in revenues were partly offset by relief payments under COVID-19 legislation.

Dr Christian Höftberger, Chairman of the Board of Management of RHÖN-KLINIKUM AG, stated: “Given the ongoing uncertainty over the further development of the COVID-19 pandemic, the provisions of legislation currently in force have to be qualified as insufficient for ensuring adequate medical care or in some cases have expired. Instead of ensuring indispensable planning certainty for the healthcare industry in the medium term, policies are currently geared to excessive short-termism even as the lessons learned over the past two years are being jettisoned as so much unwanted ballast.”

RHÖN-KLINIKUM AG is committed to the Letter of Intent (LOI) for UKGM – prompt agreement with Federal State of Hesse still outstanding

At the beginning of this year, the Hesse State Government signed a Letter of Intent with a view to further enhancing the provisions of the 2017 implementation agreement (separate accounting). In this context, the State of Hesse expressed to UKGM the prospect of additional investment funding being provided, and in return the other parties signalled their willingness to accept restrictions in entrepreneurial freedoms, e.g. by waiving redundancies, dispensing with distributions of profits as well as by re-introducing the “change of control” clause. Although consensus was quickly reached on specific contractual points in the intensive and at all times constructive discussions, there are still divergent views on some of the material components of other provisions.

The Board of Management of RHÖN-KLINIKUM AG assessed the currently ongoing negotiations with the State of Hesse on a follow-up agreement regarding the granting of investment subsidies for the Universitätsklinikum Gießen und Marburg GmbH (UKGM) and corresponding obligations of the company on 9 May 2022. In view of the course of negotiations to date, the Board of Management concluded that it is doubtful whether the successor arrangement envisaged in the letter of intent (LoI) dated 14 January 2022, can be successfully concluded in the second quarter of 2022 as planned.

The Board of Management has therefore decided to ask the Supervisory Board of RHÖN-KLINIKUM AG as a precautionary measure to approve a termination of the existing agreement of UKGM, the State of Hesse and the Universities in Gießen and Marburg from 2017. The termination of the agreement should come into force on 31 December 2022, and would have to be declared in due time by 30 June 2022. The Board of Management feels compelled to take this precautionary step to secure the necessary room for maneuver in the event that the new agreement is not reached in time. The Supervisory Board will decide on the proposed resolution at an extra-ordinary meeting to be convened at short notice.

The Board of Management of RHÖN-KLINIKUM AG remains fully committed to the letter of intent of January 2022 and continues to be open to pragmatic solutions within the framework of the ongoing negotiations.

Dr Christian Höftberger states: “When drafting the follow-on agreement for UKGM, we have to take account current and future developments in the significantly changing environment – both in global policy and in the healthcare system. We are thus negotiating not only on the level of investment funds but above all on the right framework so that these funds can be effectively used over a period of ten years and go to where they are really needed in the areas of healthcare and research. For this, all negotiating parties simply need some more time.”

Economic result – first quarter of 2021

In the first quarter of financial year 2022, the Group of RHÖN-KLINIKUM AG recorded revenues of € 347.3 million after € 335.9 million in the same period of the previous year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) stood at € 19.8 million. Consolidated profit amounted to € 1.3 million. Patient numbers reached 214,321, a rise of 6.2% compared with the same period last year.

Annual General Meeting on 8 June 2022

To this year's Annual General Meeting the Board of Management and the Supervisory Board propose carrying forward the net distributable profit to new account. The 34th Annual General Meeting will take place on 8 June 2022 and will once again be held virtually because of the COVID-19 pandemic.

Full results are published in the Quarterly Statement at:

<https://en.rhoen-klinikum-ag.com/investor-relations/publications/interim-reports-quarterly-statements.html>

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RHÖN-KLINIKUM AG is one of the largest healthcare providers in Germany. The hospitals offer excellent medical care with a direct tie-in to universities and research facilities. Each year some 846,000 patients are treated at our five sites of Campus Bad Neustadt, Klinikum Frankfurt (Oder), Universitätsklinikum Gießen and Universitätsklinikum Marburg (UKGM) as well as Zentralklinik Bad Berka. The Company employs around 18,200 persons. The innovative RHÖN Campus approach for cross-sector and future-oriented healthcare delivery in rural areas, the steadfast continuation of the gradual digital transformation within the Company as well as the strategic partnership with Asklepios are important elements of our corporate strategy. RHÖN-KLINIKUM AG is an independent Company operating under the umbrella of Asklepios Kliniken GmbH & Co. KGaA. www.rhoen-klinikum-ag.com

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