



Corporate News

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RHÖN-KLINIKUM AG Closes First Quarter 2019 with Pleasing Revenues and Earnings and Confirms its Guidance for 2019

- **Revenues rose by 4.0 % to EURO 324.2 million in first quarter of 2019; number of patients increased by 1.1 % to 218,924**
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) grew by 4.0 % to EURO 28.7 million**
- **Digitalisation strategy continues with strategic interest in software company Tiplu GmbH**
- **Preparations for joint company in Germany with Swiss telemedicine provider Medgate are progressing well**
- **Guidance for 2019 confirmed: revenues in the amount of EURO 1.30 billion +/- 5 %; EBITDA in a range of EURO 117.5 million to EURO 127.5 million**

RHÖN-KLINIKUM AG, one of the leading healthcare providers in Germany, treated more patients in the first quarter of 2019 than in the same period of the previous year and increased both its revenues and earnings. Earnings before interest, taxes, depreciation and amortisation (EBITDA) improved by 4.0 % to EURO 28.7 million. Compared with last year net consolidated profit dropped from EURO 10.4 million to EURO 8.9 million (-14.4 %) in the first quarter of 2019 due to the expense of taking the new campus in Bad Neustadt into service where four hitherto separate clinics were moved to one site and the accompanying re-arrangement of work processes which was necessary in order to break down the sectoral boundaries of out-patient and in-patient structures and also due to higher depreciation as well as higher expenses with respect to digitalisation in the Company. With 72.8 % the equity ratio remained at an above-average high level for the entire industry.

Revenues rose by roughly 4.0 % to EURO 324.2 million in the reporting period. 218,924 patients were treated in our hospitals in Bad Berka and in Frankfurt (Oder), at the university hospitals in Giessen and Marburg and at the RHÖN-KLINIKUM campus in Bad Neustadt, a plus of 1.1 %.

Stephan Holzinger, CEO of RHÖN-KLINIKUM AG, stated: “We concluded the first quarter with a pleasing increase in revenues and earnings and succeeded in taking our new campus in Bad Neustadt into service at the end of 2018 / beginning of 2019. As the first healthcare provider in Germany we offer one-stop, high-quality and rapid medical care on a campus site irrespective of the traditional out-patient and in-patient sectoral boundaries. Our campus is a beacon for new forward-looking healthcare particularly in rural areas. Early on we detected the trend of more and more out-patient medical services as well as the opportunities resulting from digitalisation for better patient care and the improved well-being of our own employees and we are therefore consistently implementing corresponding measures.”

RHÖN-KLINIKUM AG Sees Great Potential in Telemedicine

At the beginning of January 2019 RHÖN-KLINIKUM AG signed a memorandum of understanding (MoU) with Swiss telemedicine provider Medgate to establish a joint company. The planned telemedicine concept for both urgent and/or general medical questions is intended to provide high-quality, comfortable and rapid access to healthcare regardless of location. The possibility of a digital visit to the doctor via video, telephone or with the use of standardised forms is an original business model which corresponds to modern patient needs but it also fits well with our campus strategy which raises medical care in rural areas where there is a lack of physicians to a new level of excellence so that it can also cross sectoral boundaries.

The market for telemedicine offers great potential. The digital visit to a doctor is already widespread in many European countries and also in the USA. In May 2018 the German Medical Association (Deutscher Ärztetag) passed a resolution to relax the ban on telemedicine which the federal states have so far gradually acted on. This opens up new business opportunities for our Company. Nevertheless RHÖN-KLINIKUM AG will continue to remain a general healthcare provider offering excellent medical and nursing care and a wide range of high-quality services at its five sites.

The preparations to establish RHÖN-KLINIKUM AG’s new telemedicine company are progressing well and according to plan.

Milestone in Digitalisation Strategy: Interest in Software Company

In the first quarter of 2019 RHÖN-KLINIKUM AG continued to implement its digitalisation strategy by acquiring a strategic interest in the coding specialist Tiplu GmbH. Founded in 2016 Tiplu has **specialised** in accompanying DRG-coding (diagnosis-related group = DRG) and safeguarding revenues by applying semantic text analyses to hospital documents, **such as medical reports, laboratory findings or OP documentation**. We wish to further improve the performance of the Momo software by linking the billing expertise in our corporate hospitals with Tiplu’s leading technology in the market. Furthermore this strategic interest offers different prospects for future cooperation in new business models.

Our multi-faceted digitalisation measures aim to improve patient care and make it even more comfortable as well as assist our physicians and nurses in their work, in turn making their jobs easier. Furthermore we are optimising the time-consuming documentation of our services and increasing the efficiency of our administrative processes and structures.

Clinical information systems are supplemented with digital innovations such as our Medical Cockpit, for example. With our Medical Cockpit, a semantic search engine which uses natural language processing methods, we provide physicians and nurses with a first-class instrument for rapid orientation and analysis of patient data. The Cockpit is integrated into our medical portal concept, i.e. electronic patient records, and gives physicians an instant overview of the relevant information from the patient's medical history. As an information platform which is constantly updated with the latest patient data the medical portal concept is also available to local doctors and thus improves communication with them regarding their patients visiting our clinics.

Further applications are the digital medical history and the use of telemedicine which gives us a network to other hospitals, local GPs and specialist doctors, emergency services and other out-patient service providers in the region and beyond. The nursing staff's daily workload is made easier by the possibility at our university hospital in Giessen to call the nurse digitally via a smartphone or tablet.

Guidance

We confirm our guidance for 2019. For the current financial year RHÖN-KLINIKUM AG expects revenues in the amount of EURO 1.30 billion plus/minus 5 percent. We expect an amount for earnings before interest, taxes, depreciation and amortisation (EBITDA) of between EURO 117.5 million and EURO 127.5 million.

This forecast reflects the regulatory legislation which has again grown in comparison with 2018, such as lower remuneration for services with high material costs (especially cardiological services) or the discount for lower overheads on additional services, expenses in the area of telemedicine and digitalisation as well as effects from taking the new campus in Bad Neustadt into service at the end of 2018 / beginning of 2019, for example. EBITDA is also influenced by subsequent positive effects of the Helios transaction in a low two-digit million figure.

The guidance is subject to any further regulatory legislation affecting the remuneration structure in 2019.

Against the background of a positive development in business in 2018 the Board of Management and Supervisory Board shall propose to this year's Annual General Meeting on 5th June 2019 to pay a dividend in the amount of EURO 0.29 per non-par share entitled to dividend. This is an increase of approx. 32 % in comparison with last year.

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. More than 850,000 patients are treated every year at the five group hospitals located in Bad Berka, Bad Neustadt, Frankfurt (Oder), Giessen and Marburg where almost 17,000 employees work. With the RHÖN campus concept the Company is currently implementing a new and forward-looking project which raises fully comprehensive healthcare in rural areas to a new level of excellence and is geared to the growing needs of patients.

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

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