

Corporate News

Bad Neustadt / Saale | 7th May 2020

RHÖN-KLINIKUM AG: First Quarter of 2020 Adversely Affected by Special Influences

- **Number of patients stood at 211,788 in the first quarter; the reduction by 3.3 percent in comparison with the same period last year is due to the postponement of elective medical services because of the COVID-19 pandemic**
- **Revenues still rose by 2.6 percent to Euro 332.6 million although EBITDA fell to Euro 13.9 million following Euro 28.7 million in the comparable quarter; net consolidated profit went down to Euro - 4.4 million following Euro 8.9 million in the first quarter of 2019; burdens were due to expenses relating to the takeover offer, negative effects from the COVID-19 pandemic and hospital regulation, among other things, while there were also one-off positive effects in the previous year's period**
- **Guidance for 2020 is subject to the effects of the COVID-19 pandemic: revenues in an amount of Euro 1.4 billion +/- 5 percent; EBITDA in a range of Euro 72.5 million to Euro 82.5 million**

In the first quarter of the current financial year RHÖN-KLINIKUM AG undertook huge efforts to overcome the medical and economic challenges of the COVID-19 pandemic at its five sites providing maximum and intermediate medical care. Stephan Holzinger, CEO of RHÖN-KLINIKUM AG, stated: "The COVID-19 pandemic has demonstrated that we are a reliable partner for the German central government as well as the federal states and districts. We have outstanding experts at our sites who provide high-quality medical care for our patients even in times of crisis. We initiated extensive measures early on in order to be able to offer the best possible treatment to a rapidly increasing number of COVID-19 patients. Where it was medically justifiable, planned operations were postponed in order to be able to keep intensive-care beds free for COVID-19 patients. That we have hitherto been successful in treating all our patients in this exceptional situation is thanks to the remarkable work carried out by our employees. We shall also continue to remain dedicated to overcoming the pandemic."

First Quarter of 2020 Characterised by Special Influences

In the first three months of financial year 2020 RHÖN-KLINIKUM AG increased its revenues by 2.6 percent to Euro 332.6 million in comparison with the same period last year. At Euro 13.9 million EBITDA remained clearly below last year's level in a difficult market environment dominated by increasing legislative regulation. The EBITDA margin amounted to 4.2 percent following 8.9 percent last year. After

Euro 8.9 million last year net consolidated profit of Euro - 4.4 million stemmed from EBITDA taking depreciation and financing costs into account.

The figures of the first quarter in 2020 are not directly comparable with those of the previous year due to one-off special influences, such as current expenses of Euro 5.4 million in connection with the Asklepios takeover offer, hospital regulation which is applicable from 2020 onwards and the hitherto primarily negative financial effects of the COVID-19 pandemic. Moreover, one-off positive effects from the agreement on revenues from university out-patient clinics in the amount of Euro 6.2 million were included in last year's figures.

Like many others in the hospital industry, RHÖN-KLINIKUM AG expected a noticeable drop in its financial results in the first quarter due to excessive hospital regulation. Added to this are heavy burdens for consulting fees from the Asklepios takeover offer and the hitherto currently unacceptable compensation from the COVID-19 pandemic particularly for us running two large university hospitals. In view of how the COVID-19 pandemic is currently developing and considering the number of COVID-19 patients treated at our sites we shall be able to increase standard medical care gradually again from the middle of May.

Continued Measures for Improvement

In the reported period RHÖN-KLINIKUM AG continued to take steps to increase efficiency in the management of beds, medical operations, length of hospital stays and the process of discharging patients while at the same time we are also making every effort to provide the best possible treatment to our patients since their well-being continues to remain the highest priority for RHÖN-KLINIKUM AG. The programme to improve profitability was therefore not pursued with the intended intensity in view of the huge efforts which were required to master the COVID-19 pandemic. The focus of the initiatives to increase efficiency thus remains on optimising administrative processes in all our clinics and the group headquarters. This two-pronged approach is intended to alleviate the heavy financial burdens stemming from hospital regulation, among other things.

COVID-19 Pandemic Demonstrates the Potential for Telemedicine

The COVID-19 pandemic highlights the opportunities for telemedicine. Together with Swiss telemedicine pioneer Medgate RHÖN-KLINIKUM AG founded Medgate Deutschland GmbH at the end of 2019. The recruitment of staff and the targeted implementation of technical and organisational measures to be commenced in the second half of 2020 were high on the agenda for the first quarter. All in all the negotiations with statutory and private health insurance companies met with positive feedback. Medgate Deutschland's aim is to make an important contribution to improving healthcare in Germany by providing telemedicine and Digital Health services which are directed towards an increasingly digital-savvy society and their demands for efficient and fast healthcare of a high quality irrespective of time and place.

Takeover Offer – Offer Price of Euro 18.00 Considered Adequate

Asklepios Kliniken GmbH & Co. KGaA informed our Company on 28th February 2020 that it intends to offer the shareholders of RHÖN-KLINIKUM Aktiengesellschaft a voluntary public takeover bid for all outstanding shares in the Company in return for payment of a sum in the amount of Euro 18.00 per share. Following publication of the bidding documentation at the beginning of April 2020, the Management Board and

Supervisory Board of RHÖN-KLINIKUM AG thoroughly reviewed such documentation and issued a reasoned statement from the Management Board and a separate statement from the Supervisory Board.

The Management Board concluded that the offer price of Euro 18.00 per share is adequate. An appraisal of other influencing factors and synergies was only partially possible due to the limited information included in the offer. More details are available in the published statement under www.rhoen-klinikum-ag.com/uebernahmeangebot. We expect expenses for consulting services in connection with the takeover offer of Euro 6 to 7 million in financial year 2020.

Guidance

The COVID-19 pandemic will remain the predominant topic for the healthcare sector for the rest of the year 2020. Although RHÖN-KLINIKUM AG has strong economic foundations, we shall feel the effects of the COVID-19 pandemic in our financial result for 2020. We do not believe that the regulations which are included in the COVID-19 Hospital Relief Act (COVID-19-Krankenhausentlastungsgesetz) will be enough to compensate the significant losses. It is currently not yet possible with sufficient probability to give a final assessment of the effects of the COVID-19 pandemic on our core business and our guidance for financial year 2020. 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. Furthermore, our guidance is also subject to any regulatory legislation affecting the remuneration structure in 2020.

RHÖN-KLINIKUM AG continues 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.

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

If you require information on COVID-19, please see our website.

Interim Report Q1/2020

<https://en.rhoen-klinikum-ag.com/interim-reports>

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