

# First Quarter 2020 Results

7 May 2020



RHÖN-KLINIKUM  
AKTIENGESELLSCHAFT

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**Glossary:** € = Euro; \$ = (US)Dollar; (F)Y = (financial) year(s); M = month(s); % = percentage; a = actual; acc. = according; approx. = approximately; e = expected; k = thousand(s); m = million(s); N/A = not applicable; RHÖN = RHÖN-KLINIKUM Aktiengesellschaft; Asklepios = Asklepios Kliniken GmbH & Co. KGaA

With the **COVID-19 pandemic** and the announcement of a **takeover bid by Asklepios**, **two unexpected events** shaped the daily routine at RHÖN in Q1 2020

## COVID-19 Pandemic

- RHÖN made **the best possible preparations for the COVID-19** pandemic early on.
- In addition to **crisis teams** at the individual locations, a **Group-wide task force** was set up to respond to daily developments in the pandemic and to be **prepared for an increasing number of COVID-19 patients**.
- Where medically justifiable, **scheduled operations were postponed** in order to keep intensive care beds free for COVID-19 patients.
- Of the 5,300 beds available throughout the Group, **around 430 intensive care beds with ventilation** facilities are currently **available**.
- Based on Covid-19 effects , the number of treated patients decreased by 3.3% to a total of 211,788
- **Additional costs** of the pandemic are **not fully covered by the aid package** (COVID-19 Hospital Relief Act)

## Takeover bid by Asklepios

- The **announcement of the takeover bid by Asklepios** reached RHÖN at the **end of February 2020**.
- After the **final offer document** was made **available at the beginning of April 2020**, the Management Board and Supervisory Board of RHÖN **carefully reviewed the offer document** and commented on it **in separated reasoned statements**.
- The **Management Board** came to the conclusion that the **offer price of € 18 per share is appropriate**.
- An **assessment** of the other influencing factors and synergies was **only possible to a certain extent due to limited information**.
- For **further information** please visit the **RHÖN webpage** under: <http://www.rhoen-klinikum-ag.com/uebernahmeangebot>

# Key P&L figures

## First quarter of 2020

Performance in € millions	Q1 2020		vs. Q1 2019
Revenue	<b>332.6</b>	100.0%	2.6%
Cost of materials	<b>-105.5</b>	-31.7%	9.9%
Personnel exp.	<b>-223.7</b>	-67.2%	4.7%
Other expenses	<b>-39.3</b>	-11.8%	32.3%
EBITDA	<b>13.9</b>	4.2%	-51.6%
D&A	<b>-16.9</b>	-5.1%	-4.0%
EBIT	<b>-3.0</b>	-0.9%	-127.0%
Income tax	<b>-0.4</b>	-0.1%	-77.8%
Net profit	<b>-4.4</b>	-1.3%	-149.4%

### First quarter 2020 strongly influenced by special effects\*

Revenues increased by € 8.4 million or 2.6% and are for the first time affected by the DRG-carve out as well as by the Covid-19 pandemic (fewer elective treatments). Previous year's figure was influenced by positive one-offs from university ambulance centers.

The increase in material expense is among other things influenced by higher prices for safety items, needed for the treatment of COVID-19 patients, such as protective equipment, which have multiplied immensely whereas the federal compensation measures are not sufficient to come close to cost recovery.

In addition to an increase in the number of employees, general wage increases are having a growing effect on personnel expenses.

The increase includes in particular expenses from the first-time recognition of consulting services in connection with the takeover offer by Asklepios Kliniken GmbH & Co. KGaA in the amount of € 5.4 million.

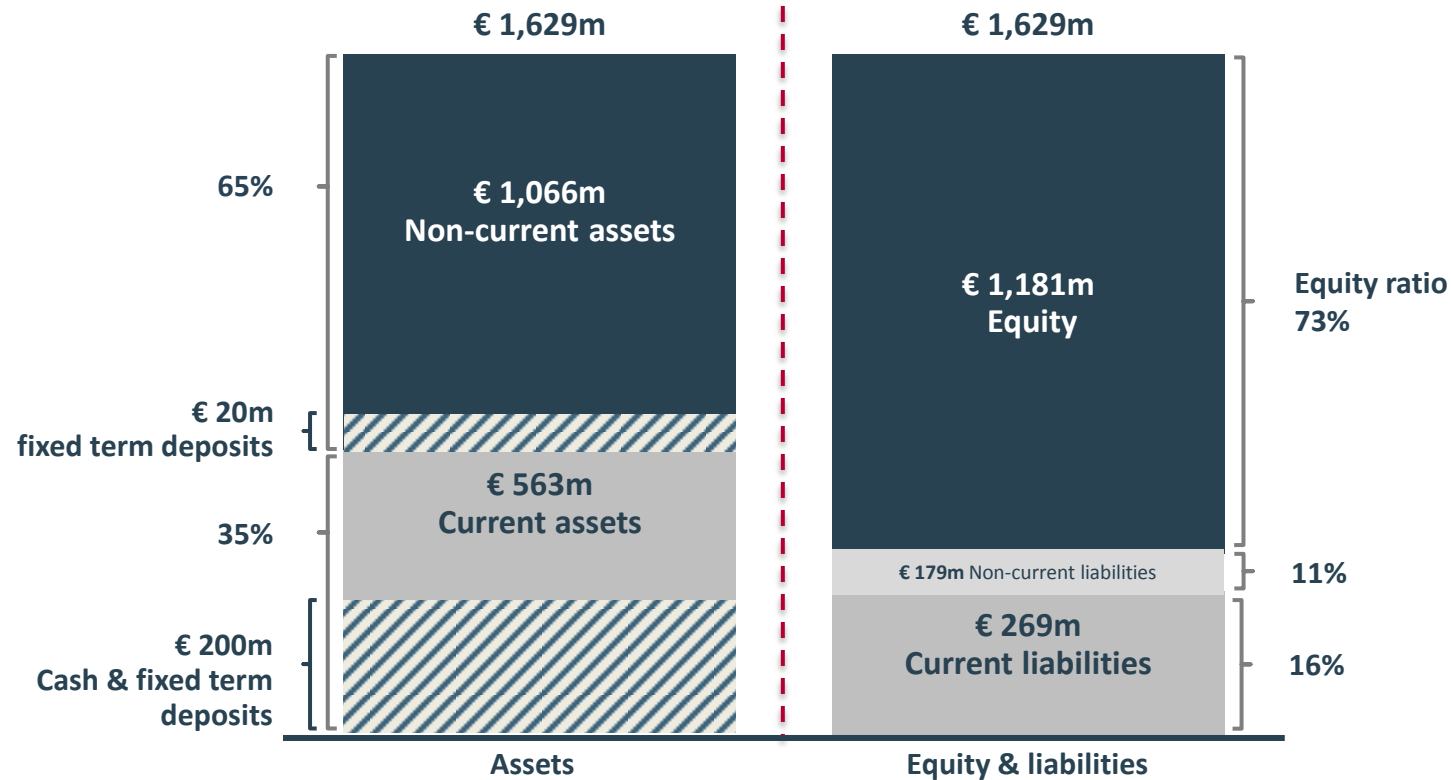
○ EBITDA was at € 13.9 million and the margin was 4.2%.

○ The decrease in depreciation is linked to a balance sheet reclassification of assets in connection with the campus opening in Bad Neustadt in 2019.

○ Compared to the first three months of the 2019 financial year, consolidated net profit fell by € 13.3 million from € +8.9 million to € -4.4 million.

\* detailed and comprehensive P&L in Q1 2020 report

# Core balance sheet positions as of 31 March 2020



**Solid balance sheet and  
sustainable financial figures**



- ✓ Strong equity ratio
- ✓ Net liquidity of € 48m
- ✓ Low gearing ratio

**GUIDANCE  
2020**

**Group REVENUES**

**€ 1.4bn +/- 5%**

**Group EBITDA**

**€ 72.5m to € 82.5m**

## **Focus on economic management of the COVID-19 pandemic**

The corona pandemic will remain the dominant challenge for the healthcare sector for the rest of 2020. Even though RHÖN-KLINIKUM AG is in a sound economic position, we will see the effects of the corona pandemic on our results in the 2020 financial year.

In our opinion, the financial measures adopted in the COVID-19 Hospital Relief Act will not be sufficient to compensate for the significant negative financial effects. A final assessment of the effects of the COVID-19 pandemic on our core business and our forecast for the 2020 financial year is not yet possible. This is mainly due to the fact that it is still unclear to what extent the respective federal states intend to provide financial support for hospital operators.

Against this background, we are making our outlook subject to the effects of the COVID 19 pandemic and to possible regulatory interventions with an impact on our reimbursement structure in 2020.

# Appendix

## Financial Calendar for FY 2020

- **3 June 2020**                      **Extraordinary General Meeting (EGM)\***
- **6 August 2020**                      **Publication of H1 financial report 2020**
- **6 November 2020**                      **Publication of Q3 financial report 2020**  
Conference call

\*EGM will be held virtually on 3 June 2020. In addition, due to the current effects of the COVID-19 pandemic, it is planned to postpone the ordinary general meeting planned for the same day to a date yet to be determined, but no later than 31 August 2020, in order to allow for a physical meeting in the interest of the shareholders.

All dates subject to modifications

### Federal Level

Layer **1**

#### Total hospital system budget

- Wage sum increase as main reference number for DRG inflation in **2020: +3.66%**
- Abolition of nursing allowance** ("Pflegezuschlag") leads to further DRG inflation of appr. **+0.30%** in 2020

### State Level

Layer **2**

#### Base rates and case-mix volume for each state

- Negotiations between hospital association and statutory health insurance funds
- Effective price hike depends on regional distribution
- In 2020 new and from DRG remuneration separated system for nursing care allowance on full-cost basis**

### Hospital Level

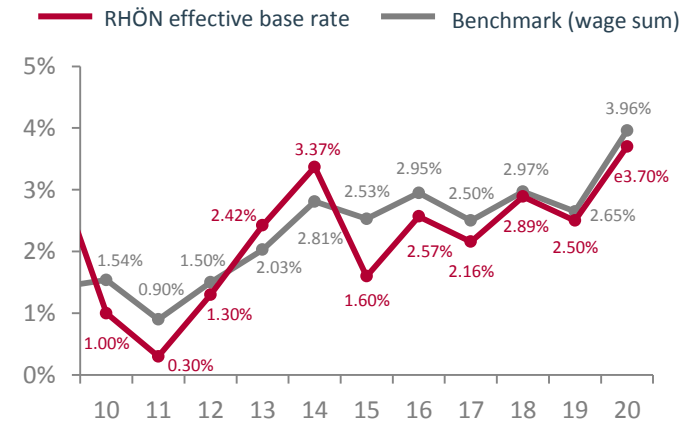
Layer **3**

#### Individual hospital volumes and reimbursement\*

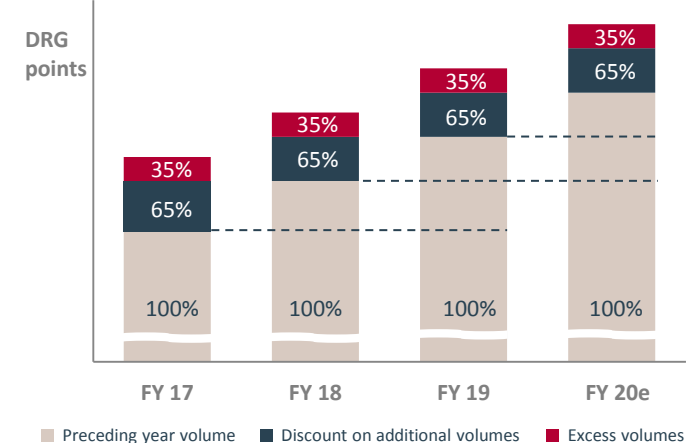
- Negotiation of "volume budget" and "nurse budget" between hospital and health insurance funds
- Additional volumes within the volume budget reimbursed at 65%** for 3 years (→ e.g.  $\emptyset$ -vol. growth assumption of +1.5% p.a. leads over 3Y to a revenue discount of approx. -1.6% for these DRG cases)
- Volumes outside the budget reimbursed at only 35%**
- Nursing costs remunerated on a 1:1 basis

#### Average base rate increase in states with RHÖN hospitals

(weighted by RHÖN case mix)



#### DRG reimbursement in % of base rate

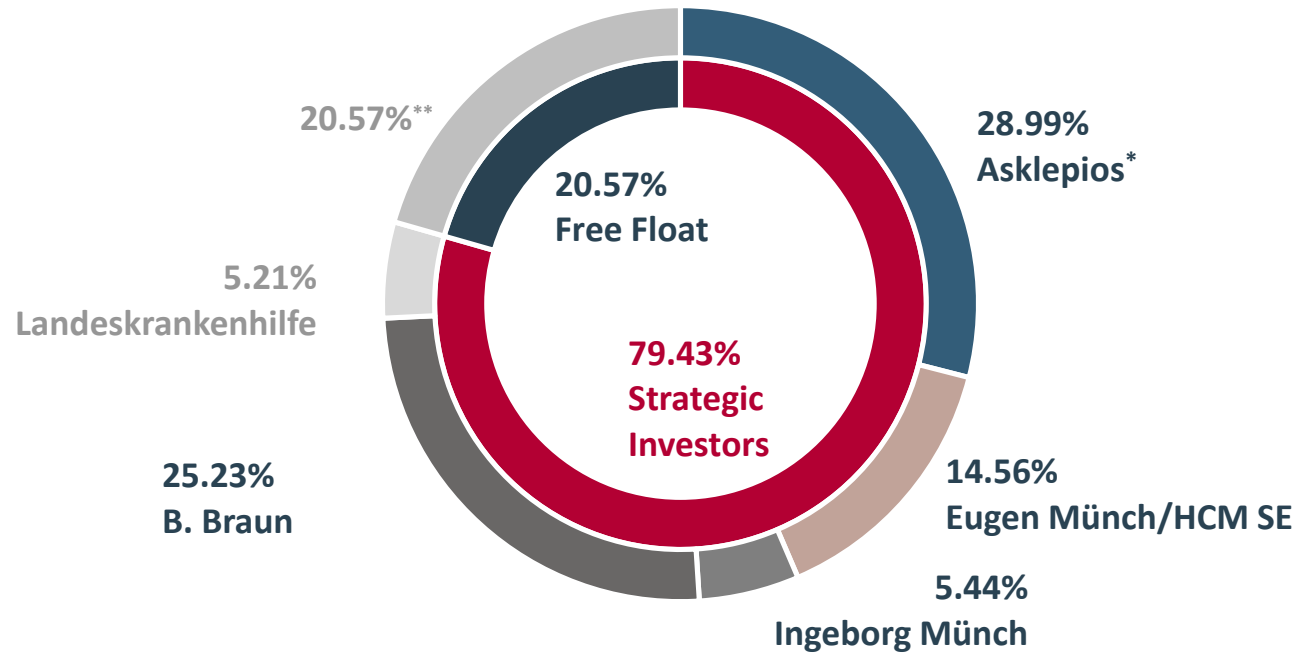


\*Fixed cost depression discount suspended for the year 2020 according to COVID-19 Hospital Relief Act (Krankenhausentlastungsgesetz)



### Shareholder structure

as of 31 March 2020, according to the most recent notifications of voting rights at that time



\*On 28 February 2020, Asklepios Kliniken GmbH & Co. KGaA ("Asklepios") concluded a purchase agreement, subject to a condition precedent, with Eugen and Ingeborg Münch for the acquisition of a 12.39% stake in RHÖN-KLINIKUM AG ("RHÖN"). Asklepios has agreed in a joint venture agreement dated 28 February 2020, subject to a condition precedent, to contribute, after closing of the purchase agreements, Asklepios' stake in RHÖN (as of 1 March 2020, taking the share purchase agreements into account: 42.15%) to AMR Holding GmbH i.G. ("AMR"). As this stake includes the 28.69% already held by Asklepios, voting rights and instruments are not aggregated in this amount. In addition, HCM SE has agreed to contribute a 7.61% stake in RHÖN to AMR subject to a condition precedent. On 1 March 2020 Asklepios concluded a purchase agreement subject to a condition precedent for the acquisition of an additional 1.08% stake in RHÖN.

\*\*Shareholders with less than 3% of total voting rights

# Appendix

## IR contact information

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