

# Corporate News

Bad Neustadt / Saale | 8th November 2019

## **RHÖN-KLINIKUM AG Confirms Guidance for 2019 Following Increase in Revenues in the Third Quarter and in the First Nine Months**

- **Revenues increased in the first nine months of 2019 by 4.6 % to Euro 970.8 million; number of patients treated rose to 647,345**
- **With Medgate Deutschland RHÖN-KLINIKUM AG will in future offer access irrespective of time or place to medical advice and treatment for both urgent and/or general medical questions via telephone, video, internet and smartphone app**
- **Strategic projects for future growth well on schedule; start of second stage of construction at campus in Bad Neustadt**
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) and net consolidated profit as expected to be lower than last year**
- **Guidance for 2019 is confirmed: Revenues in the amount of Euro 1.30 billion +/- 5 %; EBITDA in a range from Euro 117.5 million to Euro 127.5 million**

Following an increase in revenues in the third quarter and also in the first nine months RHÖN-KLINIKUM AG, one of the leading healthcare providers in Germany, remains well on track to reach its goals for financial year 2019 despite a market environment which is characterised by increasing regulation and bureaucracy. Entering the forward-looking telemedicine market, our RHÖN campus concept for healthcare which overcomes the barriers between out-patient and in-patient services and the consistent progress of continued digitalisation in our company for the provision of high-quality healthcare are important pillars in our corporate strategy.

Stephan Holzinger, CEO of RHÖN-KLINIKUM AG, stated: “We are only partially satisfied with our results for the first nine months. In comparison with the first six months of 2019 we are now also facing operative challenges at most of our sites. We are already approaching the challenges systematically by urgently implementing specific staffing, organisational and technical measures which are designed to improve our operative performance and maintain our leading position in a competitive market. Our investments and

strategic projects, such as starting the second stage of construction at our campus in Bad Neustadt and the building projects at the university hospitals in Giessen and Marburg, are well on schedule. We are pleased to report that there is growth in our acute medical care.”

### **Increase in Revenues – Operative Earnings and Net Consolidated Profit as Expected to be Lower Than Last Year**

Revenues rose by 4.6 % to Euro 970.8 million in the first nine months of 2019. The strong growth in revenues mainly came from our acute medical care. Earnings before interest, taxes, depreciation and amortisation (EBITDA) dropped by 4.9 % to Euro 97.5 million following Euro 102.5 million in the same period of last year. The EBITDA margin stood at 10.0 % after 11.0 % in the previous year. Net consolidated profit amounted to Euro 37.8 million after Euro 47.6 million last year.

It should be taken into consideration with respect to the drop in EBITDA that the third quarter of last year was influenced by a positive one-off effect on EBITDA in the amount of Euro 20 million from the agreement on separate accounting at the university hospitals in Giessen and Marburg. Increased earnings from the university out-patient clinics in Giessen and Marburg as well as subsequent effects from the Fresenius/Helios transaction had a positive effect on EBITDA in the first nine months of financial year 2019. The improvement programme which we initiated in 2017 and which has since been implemented throughout our corporate group also contributed significantly to the development of our results and also secured the results.

With 71.6 % the equity ratio continues at a very high level. As part of its long-term financial strategy RHÖN-KLINIKUM AG exploited the favourable interest rate environment in July 2019 and issued registered bonds with a total nominal value of Euro 60.0 million and a term of 20 years. Our company has now a strong financial foundation with a syndicated credit line, a promissory note loan as well as the registered bond.

### **Strategic Projects – Second Stage of Construction at Campus in Bad Neustadt**

The first nine months were characterised by start-up effects in providing forward-looking and improved healthcare at the new campus in Bad Neustadt. The fusion and cultural integration of four clinics which had been working independently from each other for decades, the new teams which needed to establish themselves, the new arrangements in the medical and organisational processes as well as technical challenges all took up a little more time than originally expected. Also, the reduction in the number of patients at the beginning of the year which was associated with the move initially had a noticeable effect on the development of the operative results.

As part of the redevelopment of our campus site in Bad Neustadt the second stage of construction has been started with, among other things, the addition of an in-patient rehab unit for the psychosomatic clinic. RHÖN-KLINIKUM AG has therefore acknowledged the growing demand for such services. As of 1<sup>st</sup> January 2020 we shall add neurosurgery to our range of services at our site. We have also been able to win renowned senior physicians for important specialist areas at our other sites.

## **Preparations on Schedule for the Start of Medgate Deutschland**

RHÖN-KLINIKUM AG will soon be represented on the growing telemedicine market with Medgate Deutschland. The Investment, Strategy and Finance Committee of the Supervisory Board of RHÖN-KLINIKUM AG with the power of resolution has approved the establishment of a joint company called Medgate Deutschland GmbH with the telemedicine provider Medgate. A unanimous resolution by the Board of RHÖN-KLINIKUM AG was also passed prior to the unanimous resolution by the Supervisory Board. RHÖN-KLINIKUM AG will hold a majority stake of 51 % of the shares of the new company which will be registered in Germany. Medgate which is registered in Basel will hold 49 % of the shares. In future Medgate Deutschland will provide patients with advice and treatment within the German regulatory framework for both urgent and/or general medical questions via telephone, video, internet and a smartphone app in an initial expansion stage. RHÖN-KLINIKUM AG has already been using telemedical processes for many years in preclinical trials, in-patient and out-patient care and also in the after-care process. Medgate Deutschland is a sensible strategic addition to our portfolio.

## **Confirmation of Guidance**

Our guidance for 2019 is confirmed. RHÖN-KLINIKUM AG expects revenues in the amount of Euro 1.30 billion +/- 5 % for the current financial year. We also expect earnings before interest, taxes, depreciation and amortisation (EBITDA) in the range of Euro 117.5 million to Euro 127.5 million.

Due to tighter nursing legislation, such as the German regulation for the threshold for nursing staff (Pflegepersonaluntergrenzen-Verordnung) and the German nursing staff reinforcement act (Pflegepersonalstärkungsgesetz) RHÖN-KLINIKUM AG currently assumes that its corporate group will be burdened with an additional low two-digit million amount in financial year 2020.

Due to our large sites with highly specialised centres we can react better to changes and growing demands than the overall healthcare market.

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**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 more than 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](http://www.rhoen-klinikum-ag.com)

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