



FOREWORD BY THE GROUP MANAGEMENT

Ladies and gentlemen,

In the third quarter of 2019, a total of 180,170 more patients and thus 10.7% more than in the previous year chose to place their trust in us. We are delighted at this development. All in all, the more than 47,000 Asklepios employees cared for 1,861,244 patients in the period from January to September. We recorded particularly strong growth in outpatient care, while the number of inpatients remained roughly stable. We are focusing on the right services here with our growth strategy in outpatient medicine. The Asklepios Group also generated an increase in revenue of 4.0% year-on-year. In view of the increasingly challenging conditions in the healthcare industry, we are therefore satisfied with the development in patient numbers and revenue.

The biggest challenges include regulatory interventions such as the Pflegepersonalstärkungsgesetz (German Act on Support for Nursing Staff), the Pflegepersonaluntergrenzen-Verordnung (German regulation on the threshold of nursing staff) and the flatrate fee system for psychiatry and psychosomatics, which will have an increased effect from January 2020 onwards. To prepare for this, we have been hiring additional nursing staff since the beginning of the financial year, including in the third quarter. Overall, our workforce has grown by around 1,000 fulltime positions, mainly in the medical and nursing areas. This is clearly reflected in staff costs, which increased by more than EUR 89 million compared to the same quarter of the previous year. Due to the time lag in the associated budget and fee negotiations with the health insurance funds, this increase will not be covered by rising income in the current year and will initially have a negative impact on earnings.

EBITDA developed positively despite difficult circumstances. However, it is not directly comparable with the previous year due to the application of the new accounting standard IFRS 16 since 1 January 2019. The actual effects of the regulatory changes mentioned above can be seen in the earnings figures EBIT and EAT, which declined year-on-year. Overall, operating earnings for the reporting period were lower than we had expected.

Over the next few quarters, we will increasingly focus on countering the effects of the new regulations and strengthening our margins in this challenging environment. To this end, we will examine our productivity and our efficiency in particular in all non-patient-centred areas. Secondly, we will keep working on increasing our revenue. Digital services and outpatient medicine will contribute a higher share of revenue in the medium and long term. In this way, we want to become less dependent on regulatory interventions in hospital operations. For the 2019 financial year, we anticipate organic revenue growth that lies above our forecast. EBITDA will remain stable in the period from October to December. However, we expect consolidated net profit (EAT) to decrease year-on-year.

Kind regards

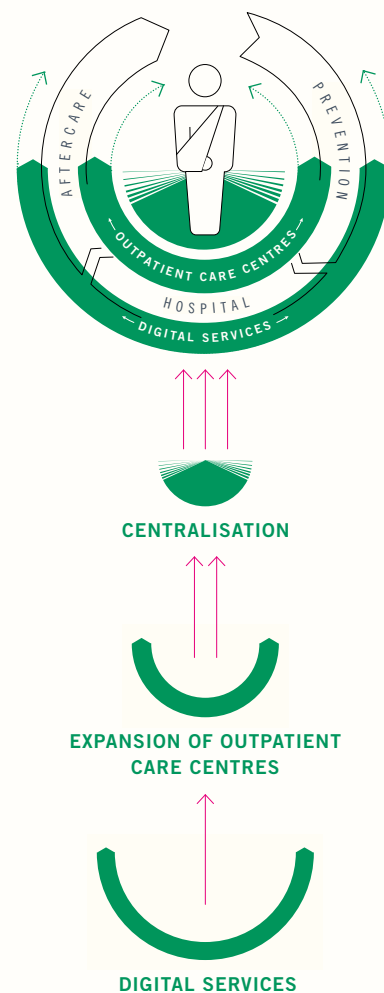
Kai Hankeln

Hafid Rifi

Joachim Gemmel

Prof. Dr. Christoph U. Herborn

Marco Walker



BUSINESS PERFORMANCE IN THE THIRD QUARTER OF 2019

In the period from January to September 2019, the healthcare facilities of the Asklepios Group cared for a total of 1,861,244 patients, which was 180,170 more than in the same period of the previous year (9M 2018: 1,681,074). The number of cost weights was stable year-on-year at 430,580 (9M 2018: 430,663).

Our revenue totalled EUR 2,637.3 million in the third quarter of 2019, up EUR 100.8 million or 4.0% year-on-year (9M 2018: EUR 2,536.5 million). We thus exceeded our forecast for revenue development (2.5% – 3.0%).

EBITDA in the first nine months of 2019 was up 10.7% on the same period of the previous year at EUR 280.0 million (9M 2018: EUR 252.9 million). The operating EBITDA margin was 10.6% (9M 2018: 10.0%). EBITDA margin is not directly comparable with the previous year due to the application of the new accounting standard IFRS 16. EBIT amounted to EUR 127.7 million (9M 2018: EUR 141.9 million) for the first nine months of 2019 with a margin of 4.8% (9M 2018: 5.6%). The cost of materials ratio was down slightly year-on-year in the first nine months of 2019 at 21.2% (9M 2018: 21.5%). The staff costs ratio increased to 65.5% (9M 2018: 64.6%). The other expenses ratio was down year-on-year at 9.3% (9M 2018: 10.5%).

Consolidated net income (EAT) for the period from January to September 2019 amounted to EUR 84.0 million in total (9M 2018: EUR 98.8 million), corresponding to a return on sales of 3.2% (9M 2018: 3.9%).

Net cash flow from operating activities fell by EUR 47.9 million to EUR 190.2 million in the first nine months of 2019 (9M 2018: EUR 238.1 million), a decline of 20.1% as against the same period of the previous year. Investments financed with the Group's own funds amounted to EUR 146.3 million in the reporting period (9M 2018: EUR 125.9 million). The share of own funds was 73.6% in the first nine months of 2019 (9M 2018: 66.3%).

The Asklepios Group's financial position is stable. The Group's net debt amounted to EUR 1,051.5 million as at 30 September 2019 (31 December 2018: EUR 1,027.0 million). The ratio of net debt to EBITDA (not including lease liabilities) for the past 12 months was 2.8x (31 December 2018: 2.6x). The equity ratio of 33.8% was lower than at the end of 2018 (31 December 2018: 36.9%). Cash funds amounted to EUR 321.8 million (31 December 2018: EUR 351.6 million) and unused credit facilities to EUR 440.1 million as at 30 September 2019 (31 December 2018: EUR 450.7 million). The Group thus has sufficient financial resources to fund further corporate growth.

FORECAST

Asklepios reported organic revenue growth of 4.0% year-on-year in the first nine months of 2019, thereby outperforming its forecast for revenue development. The operating EBITDA margin was 10.6% in the first nine months of 2019, up slightly on the previous year's level of 10.0%. The equity ratio of 33.8% was lower than at the end of 2018 (31 December 2018: 36.9%).

For the full financial year, we anticipate organic revenue growth that lies above our forecast of 2.5% to 3.0%. EBITDA will remain stable in the period from October to December. However, we expect consolidated net profit (EAT) to decrease year-on-year. Absolute equity as at 31 December 2019 will be higher than the previous year's level, while the equity ratio will be down compared to the end of the previous year due to the balance sheet extension resulting from IFRS 16.

CONSOLIDATED INCOME STATEMENT

(unaudited)

EUR '000	9 months 2019	9 months 2018
Revenue	2,637,318	2,536,543
Other operating income	174,369	166,702
	2,811,687	2,703,245
Cost of materials	558,379	545,848
Staff costs	1,727,631	1,638,216
Other operating expenses	245,725	266,285
Operating result / EBITDA ¹⁾	279,952	252,896
Depreciation, amortisation and impairment of intangible assets and of financial assets and property, plant and equipment	152,207	111,019
Operating result / EBIT ²⁾	127,745	141,876
Net investment income	11,735	6,649
Net investment income	11,735	6,649
Interest and similar income	97	417
Interest and similar expenses	-33,676	-27,499
Net interest income	-33,579	-27,082
Net finance costs	-21,843	-20,433
Earnings before income taxes	105,901	121,443
Income taxes	-21,922	-22,639
Consolidated net income / EAT ³⁾	83,980	98,804
<i>of which attributable to the parent company</i>	<i>70,000</i>	<i>76,956</i>
<i>of which attributable to non-controlling interests</i>	<i>13,980</i>	<i>21,848</i>

¹⁾ Operating earnings before interest, taxes and depreciation and amortisation

²⁾ Operating earnings before interest and taxes

³⁾ Operating earnings after taxes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited)

EUR '000	9 months 2019	9 months 2018
Consolidated net profit	83,980	98,804
Share in OCI of an associate accounted for using the equity method	386	268
Total changes in value reclassified to profit or loss if certain conditions are met	386	268
Change in actuarial gains (+)/losses (-) from defined benefit pension commitments and similar obligations	-15,548	0
Income taxes	696	0
Total changes in value not reclassified to profit or loss	-14,852	0
Total changes in value recognised in equity (other comprehensive income)	-14,465	268
Total comprehensive income (total consolidated net profit and other comprehensive income)	69,515	99,072
<i>of which attributable to the parent company</i>	<i>55,616</i>	<i>77,224</i>
<i>of which attributable to non-controlling interests</i>	<i>13,899</i>	<i>21,848</i>

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)*

EUR '000	9 months 2019	9 months 2018
Consolidated net profit	83,980	98,804
Gross cash flow (EBITDA)	279,951	252,896
Cash flow from operating activities/net cash flow	190,154	238,148
Cash flow from investing activities	-217,370	-215,164
Cash flow from financing activities	-2,641	-163,617
Change in cash and cash equivalents	-29,857	-140,633
Cash and cash equivalents as at 1 January	351,626	612,333
Cash and cash equivalents as at 30 September	321,769	471,700

* condensed

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited)

EUR '000	30.09.2019	31.12.2018
ASSETS		
Non-current assets		
Intangible assets	731,943	706,007
Property, plant and equipment	2,053,380	1,608,745
Investments accounted for using the equity method, financial assets, other financial assets and other assets	547,685	538,224
Trade receivables	241	202
Deferred taxes	67,705	67,954
Total non-current assets	3,400,955	2,921,131
Current assets		
Inventories	139,026	117,422
Trade receivables	564,056	521,985
Current income tax assets	12,236	2,780
Other financial assets	157,333	124,177
Other assets	21,068	11,140
Cash and cash equivalents	321,769	351,626
Total current assets	1,215,487	1,129,129
Total assets	4,616,442	4,050,260

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited)

EUR '000	30.09.2019	31.12.2018
EQUITY AND LIABILITIES		
Equity attributable to the parent company		
Issued capital	101	101
Reserves	1,116,939	995,988
Consolidated net profit	70,000	137,818
Non-controlling interests	371,609	360,636
Total equity	1,558,648	1,494,543
Non-current liabilities		
Trade payables	66	153
Financial liabilities	1,334,008	1,331,588
Liabilities from leasing	452,444	5,411
Pensions and similar obligations	273,508	268,337
Other provisions	160,071	217,126
Deferred taxes	50,311	47,569
Other financial liabilities	52,601	60,568
Other liabilities	6,984	7,410
Total non-current liabilities	2,329,993	1,938,163
Current liabilities		
Trade payables	78,939	90,806
Financial liabilities	39,242	47,077
Liabilities from leasing	44,468	616
Pensions and similar obligations	6,241	6,324
Other provisions	91,855	78,408
Current income tax liabilities	6,815	14,093
Other financial liabilities	188,995	174,230
Other liabilities	271,247	206,001
Total current liabilities	727,801	617,555
Total EQUITY AND LIABILITIES	4,616,442	4,050,260

FINANCIAL CALENDAR

03.05.

Annual Report 2018

23.05.

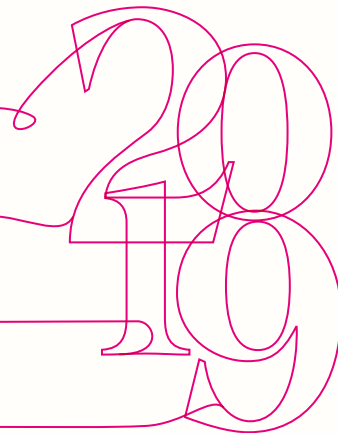
Report on the first quarter

22.08.

Report on the first half of the year

21.11.

Report on the third quarter



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DISCLAIMER

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Gesund werden. Gesund leben.