

REPORT ON THE QUARTER

Q1 2019

ASKLEPIOS KLINIKEN  
GMBH & CO. KGAA, HAMBURG

## FOREWORD BY THE GROUP MANAGEMENT

### Ladies and gentlemen,

In the first quarter of 2019, Asklepios saw the start of a challenging financial year with stricter regulatory requirements. Amendments to the German Hospital Structure Act and the fixed cost degression discount took effect at the beginning of the year, as did changes in the MDK's examination process. Nevertheless, Asklepios managed to increase its revenue by 3.3% in the first quarter of 2019. By contrast, consolidated net income (EAT) declined as a result of the external developments. Cash flow was also down year on year.

Nevertheless, we are sticking to the measures to optimise our digital processes and services that we introduced in the 2018 financial year. With our new digitalisation strategy "Digital HealthyNear", which we fleshed out further and presented to the public in the first quarter of 2019, we are now speeding up the pace of implementation. We will forge ahead with our transformation into a digital, integrated healthcare companion. The primary goal of digitalising our hospital processes is to further increase medical quality and ease the burden on our employees. In this way, we aim to create additional space for patient-focused services and further improve our patients' quality of stay in Asklepios hospitals.

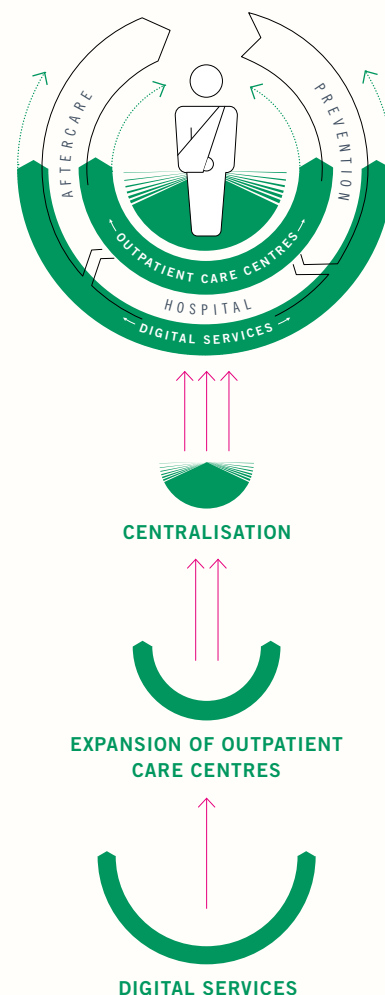
At the same time, we are tapping new markets in the healthcare sector and expanding our revenue base for the long term. We want to ensure that Asklepios can grow sustainably and profitably even in a challenging healthcare system, so that we can invest in the best medical care.

Asklepios's growth along the value chain is being driven both organically and through acquisitions of digital services and software solutions. In the future, we intend to step up collaboration with relevant players in the healthcare sector and the digital industry, including doctors, scientific institutions and start-ups. For Asklepios, an important element of these collaborations will be the joint development of our own services and products, such as software solutions for prevention and aftercare in certain specialist disciplines. Looking to the future, we see ourselves as a key player in a new platform economy in the healthcare sector.

Paths are creating by going along them. In spite of several new challenges, we have set off on the path to an increasingly digital future in which the focus will remain on our hospital network and strong care across the board.

### Kind regards

Hamburg, 23 May 2019



Kai Hankeln

Hafid Rifi

Joachim Gemmel

Prof. Dr. Christoph U. Herborn

Marco Walker

## BUSINESS PERFORMANCE IN THE FIRST QUARTER OF 2019

In the period from January to March 2019, the healthcare facilities of the Asklepios Group cared for a total of 607,054 patients, 4.3% more than in the same period of the previous year (3M 2018: 582,186). While the number of inpatients declined, outpatient care saw an increase of 8.6%. By contrast, the number of cost weights declined by 7.7% to 140,695 (3M 2018: 152,503).

Our revenue totalled EUR 875.6 million in the first quarter of 2019, up 3.3% or EUR 28.2 million year on year (3M 2018: EUR 847.4 million). We thus slightly exceeded our forecast for revenue development for the current 2019 financial year (2.5% - 3.0%).

EBITDA in the first three months of 2019 was down 3.0% on the same period of the previous year at EUR 77.0 million (3M 2018: EUR 79.4 million). The operating EBITDA margin was 8.8% (3M 2018: 9.4%). The staff costs ratio rose to 67.4% (3M 2018: 66.5%). This increase was chiefly due to the 2.1% increase in our workforce to 35,740 full-time equivalents (3M 2018: 35,004). We gained new employees in the medical service and in nursing care in particular. Wage increases also had an effect on earnings. In the first quarter of 2019, the cost of materials ratio was down slightly at 21.2% (3M 2018: 21.5%). The other expenses ratio was down year on year at 9.1% (3M 2018: 9.8%).

The new standards of IFRS 16 "Leases" were applied for the first time starting in the 2019 financial year. The effects resulted in shift within the income statement; the comparability of the previous year's figures is therefore limited.

Overall, consolidated net income (EAT) for the period from January to March 2019 was down year on year at EUR 13.3 million (3M 2018: EUR 28.9 million). The EAT margin amounted to 1.5% (3M 2018: 3.4%).

In the first quarter of 2019, net cash flow from operating activities was EUR 25.0 million (3M 2018: EUR 53.2 million). Investments including subsidies amounted to EUR 62.6 million in the reporting period (3M 2018: EUR 50.7 million). At EUR 47.1 million, the share of own funds was 75.2% in the first quarter of 2019 (3M 2018: 68.5%).

The Asklepios Group's financial position is stable. The Group's net debt amounted to EUR 1,086.0 million as at 31 March 2019 (31 December 2018: EUR 1,027.0 million). The ratio of net debt to EBITDA for the past 12 months was 2.7x (31 December 2018: 2.6x). Cash and cash equivalents amounted to EUR 281.4 million (31 December 2018: EUR 351.6 million) and unused credit facilities totalled EUR 450.6 million as at 31 March 2019. The Group thus has sufficient financial resources to fund further corporate growth.

### FORECAST

Overall, Asklepios anticipates a challenging regulatory environment with a negative impact on earnings margins in the 2019 financial year. For the 2019 financial year as a whole, Asklepios is forecasting organic revenue growth of around 2.5% to 3.0%. The Group management expects a stable development in cost weights. In addition, a slight but sustainable year-on-year increase in EAT is expected to be achieved. As a result, Asklepios anticipates a stable equity ratio. Asklepios is maintaining the forecast made as at 31 December 2018.

## CONSOLIDATED INCOME STATEMENT

(unaudited)

EUR '000	3 months 2019	3 months 2018
Revenue	875,552	847,404
Other operating income	56,420	61,028
<b>Total operating revenue</b>	<b>931,972</b>	<b>908,432</b>
Cost of materials	185,527	182,537
Staff costs	589,832	563,124
Other operating expenses	79,620	83,357
<b>Operating result / EBITDA <sup>1)</sup></b>	<b>76,992</b>	<b>79,414</b>
Amortisation of intangible assets and depreciation of property, plant and equipment	51,488	36,117
<b>Operating result / EBIT <sup>2)</sup></b>	<b>25,504</b>	<b>43,298</b>
Net investment income	6,044	2,383
Interest and similar income	390	178
Interest and similar expenses	-11,881	-8,141
<b>Net interest income</b>	<b>-11,491</b>	<b>-7,963</b>
<b>Net finance costs</b>	<b>-5,447</b>	<b>-5,579</b>
<b>Earnings before income taxes</b>	<b>20,056</b>	<b>37,718</b>
Income taxes	-6,721	-8,807
<b>Consolidated net income (EAT)</b>	<b>13,336</b>	<b>28,911</b>
<i>of which attributable to the parent company</i>	<i>8,858</i>	<i>21,429</i>
<i>of which attributable to non-controlling interests</i>	<i>4,477</i>	<i>7,482</i>

<sup>1)</sup> Earnings before interest, taxes, depreciation and amortisation

<sup>2)</sup> Earnings before interest and taxes

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited)

EUR '000	3 months 2019	3 months 2018
<b>Consolidated net income for the period</b>	<b>13,336</b>	<b>28,911</b>
Share in OCI of an associate accounted for using the equity method	-89	-34
Measurement of financial assets	0	0
Income taxes	0	0
Reclassifications due to available-for-sale financial assets sold in the financial year	0	0
<b>Total changes in value reclassified to profit or loss if certain conditions are met</b>	<b>-89</b>	<b>-34</b>
Change in actuarial gains (+)/losses (-) from defined benefit pension commitments and similar obligations	-5,980	0
Income taxes	268	0
<b>Total changes in value not reclassified to profit or loss</b>	<b>-5,712</b>	<b>0</b>
<b>Total changes in value recognised in equity (other comprehensive income)</b>	<b>-5,801</b>	<b>-34</b>
<b>Total comprehensive income (total consolidated net income and other comprehensive income)</b>	<b>7,535</b>	<b>28,877</b>
<i>of which attributable to the parent company</i>	<i>3,058</i>	<i>21,395</i>
<i>of which attributable to non-controlling interests</i>	<i>4,447</i>	<i>7,482</i>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(ungeprüft)

TEUR	3 Monate 2019	3 Monate 2018
Gross cash flow (EBITDA)	76,992	79,414
Cash flow from operating activities/net cash flow	24,971	53,234
Net cash used in investing activities	-71,623	-57,831
Cash flow from financing activities	-23,557	-110,960
<b>Change in cash and cash equivalents</b>	<b>-70,210</b>	<b>-115,557</b>
Cash and cash equivalents at the start of the period	351,626	612,333
<b>Cash and cash equivalents at the end of the period</b>	<b>281,416</b>	<b>496,776</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited)

EUR '000	31 March 2019	31 December 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	708,641	706,007
Property, plant and equipment	2,125,128	1,608,744
Investments accounted for using the equity method, financial assets, other financial assets and other assets	571,328	538,224
Trade receivables	260	202
Deferred taxes	67,771	67,954
<b>Total non-current assets</b>	<b>3,473,127</b>	<b>2,921,131</b>
<b>Current assets</b>		
Inventories	125,217	117,422
Trade receivables	542,725	521,985
Current income tax assets	6,822	2,780
Other financial assets	119,846	124,177
Other assets	19,764	11,140
Cash and cash equivalents	281,416	351,626
<b>Total current assets</b>	<b>1,095,790</b>	<b>1,129,129</b>
<b>Total ASSETS</b>	<b>4,568,917</b>	<b>4,050,260</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited)

EUR '000	31 March 2019	31 December 2018
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to the parent company</b>		
Issued capital	101	101
Reserves	1,127,158	995,988
Consolidated net profit	8,858	137,818
Non-controlling interests	363,700	360,636
<b>Total equity</b>	<b>1,499,816</b>	<b>1,494,543</b>
<b>Non-current liabilities</b>		
Trade payables	169	153
Financial liabilities	1,338,672	1,331,588
Finance lease liabilities	475,532	5,411
Pensions and similar obligations	274,632	268,337
Other provisions	212,637	217,126
Deferred taxes	48,838	47,569
Other financial liabilities	51,689	60,568
Other liabilities	7,238	7,410
<b>Total non-current liabilities</b>	<b>2,409,408</b>	<b>1,938,163</b>
<b>Current liabilities</b>		
Trade payables	68,129	90,806
Financial liabilities	28,657	47,077
Finance lease liabilities	43,919	616
Pensions and similar obligations	6,296	6,324
Other provisions	77,045	78,408
Current income tax liabilities	15,504	14,093
Other financial liabilities	166,968	174,230
Other liabilities	253,174	206,001
<b>Total current liabilities</b>	<b>659,693</b>	<b>617,555</b>
<b>Total EQUITY AND LIABILITIES</b>	<b>4,568,917</b>	<b>4,050,260</b>

## FINANCIAL CALENDAR

03.05.

Annual report 2018

23.05.

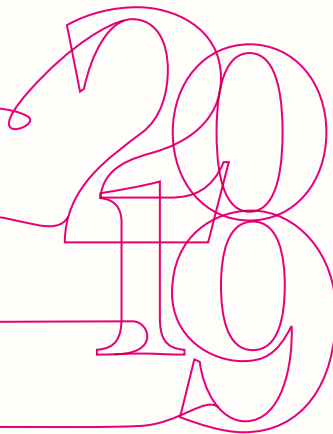
Report on the first quarter

22.08.

Report on the first half of the year

21.11.

Report on the third quarter



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### DISCLAIMER

This report contains forward-looking statements. These statements are based on current experience, estimates and projections of the management and currently available information. These forward-looking statements are not to be understood as a guarantee of future developments and results referred to therein. On the contrary, future developments and results are dependent on a wide range of factors. These include various risks and uncertainties and are based on assumptions that may not be accurate. We do not assume any obligation to update the forward-looking statements contained in this report. This report does not constitute an offer to sell or a request to submit an offer to purchase bonds of Asklepios Kliniken GmbH & Co. KGaA or its subsidiaries.



Gesund werden. Gesund leben.