



Quarterly Statement – Q1 2021
RHÖN-KLINIKUM AKTIENGESELLSCHAFT

BUSINESS PERFORMANCE

MATERIAL EVENTS AND SECTOR-SPECIFIC CONDITIONS

In the first quarter of financial year 2021, the everyday operations of our hospitals continued to be dominated by the COVID-19 pandemic. The third wave of the pandemic and the sharp rise in the number of COVID-19 patients once again brought an – in some cases abrupt – end to the normalising trend in patient numbers in the first quarter of 2021. To create capacities for emergencies and COVID-19 patients it was once again necessary – to the extent this was medically acceptable – to initially postpone a large number of elective procedures and to adapt human resources planning to requirements. This was done subject to the restrictions of new (in particular regional) orders associated with the increased expenses due to red tape. Parallel to that, new provisions on minimum staffing levels recently having come into force – based on the same staffing levels – have significantly reduced the number of available hospital beds. In this environment, the service volume targets are seriously jeopardised.

Under the Third Civil Protection Act (Drittes Bevölkerungsschutzgesetz), hospitals as well as certain specialised clinics participating in inpatient emergency care receive compensation payments depending on the share of free intensive care beds within the district or municipality and the 7-day incidence of new infections. These compensation payments – initially limited in term to 11 April 2021 – for COVID-19 income losses of hospitals as well as prevention and rehab facilities were extended until 31 May 2021 pursuant to the Regulation on Further Measures to Safeguard the Economic Viability of Hospitals (Verordnung zur Regelung weiterer Maßnahmen zur wirtschaftlichen Sicherung der Krankenhäuser) of the Federal Ministry of Health published in the Federal Gazette on 8 April 2021. Providing for safeguarding measures at such short intervals fails to adequately reflect our role in fighting the pandemic: if hospitals and their intensive care units, or the staff who have devoted themselves there to providing care to seriously ill patients, are the indicator for the need and reasonableness of lockdown orders and other restrictions, then the safeguarding of the economic existence of German hospitals on this basis and at such short intervals is neither objectively expedient nor fair. We once again call for the business model of healthcare provision to be safeguarded for the year 2021 as a whole and for real help to be given to our staff instead of further expanding bureaucracy and increasing audit rates of the Medical Review Board, not to mention the impending structural assessments.

By the Regulation, which entered into force on 9 April 2021, those hospitals now also receive liquidity assistance which in the first quarter of 2021 did not receive compensation payments and during that period recorded declines in occupancy compared with 2019. The Regulation provides for the lowering of the incidence level from 70 to 50 as a pre-condition for compensation payments as well as compensations for declines in income due to the COVID-19 pandemic in 2021 compared with 2019 of only 85%. This new legislative environment must not hide the fact that the hospitals – regardless of the further trend in service volumes in 2021 and on a very simplified view – are merely being secured 98% of their 2019 DRG revenues.

Here, our urgent requests to federal politicians for securing adequate medical care are clear and comprehensible: the commitments to safeguard the viability of hospitals must be met taking into account the true increases in costs including all revenue types, and not only financed pro rata. The current income compensation mechanisms are incomplete and disregard, among other things, revenue declines in outpatient structures as well as the considerable additional costs arising from protective equipment, tests and security personnel. Furthermore, special assistance for university

hospitals, intermediate and maximum care facilities is indispensable and must not be made conditional on individual district boundaries (and their local-regional incidence).

At the same time, we appeal once again to the federal states to meet their obligations for necessary investment subsidies. This area has seen a deficit for many years which – regardless of the ownership structure – so far had to and could be cross-financed from profit contributions of specific service volumes (in particular also our secondary income streams that have now been lost). The lower payment and compensation volume is now laying bear the policy shortcomings of recent years: the shortfall in the funding of investments that has gone on for years can no longer be continued on the back of hospital operators but finally needs to be boldly addressed now.

TREND IN SERVICE VOLUMES

As at 31 March 2021, we operate eight hospitals with 5,312 beds at a total of five sites:

	Hospitals	Beds
As at 31 December 2020	8	5,304
Change in capacities	-	8
As at 31 March 2021	8	5,312

The change in capacities (eight beds/places) compared with 31 December 2020 is accounted for by our inpatient capacities.

Patient numbers at our hospitals and medical care centres developed as follows:

January to March	2021	2020	Change absolute	%
Inpatient and semi-inpatient treatments at our				
Acute hospitals	44,790	52,004	-7,214	-13.9
Rehabilitation hospitals and other facilities	954	1,267	-313	-24.7
	45,744	53,271	-7,527	-14.1
Outpatient treatments at our				
Acute hospitals	106,861	112,237	-5,376	-4.8
Medical care centres	49,135	46,280	2,855	6.2
	155,996	158,517	-2,521	-1.6
Total	201,740	211,788	-10,048	-4.7

The number of inpatient and semi-inpatient treatments is down - 10,048 or - 4.7%. This was due in particular to the impact of the COVID-19 pandemic.

NET ASSETS POSITION AND RESULTS OF OPERATIONS

The Group's revenue and earnings performance during the first three months of 2021 compared with the same period of the previous year is as follows:

January to March	2021 € m	2020 € m	Change € m	%
Revenues	335.9	332.6	3.3	1.0
EBITDA	19.5	13.9	5.6	40.3
EBIT	1.9	-3.0	4.9	163.3
EBT	1.4	-4.0	5.4	135.0
Consolidated result	1.3	-4.4	5.7	129.5

With revenues up by € 3.3 million (1.0%), we record an increase in EBITDA by € 5.6 million or 40.3% to € 19.5 million, an increase in EBIT by € 4.9 million or 163.3% to € 1.9 million, as well as an increase in consolidated result by € 5.7 million or 129.5% to € 1.3 million compared with the same period last year.

The revenues of the first three months of financial year 2021 include € 21.8 million (previous year: € 6.7 million) of income in connection with COVID-19 legislation, which essentially relates to income from compensation payments for bed capacities kept available.

The rise in other income by € 0.8 million or 1.6% to € 51.0 million is attributable to the higher income from ancillary and incidental activities resulting among other things from higher sales of drugs and cytostatics. Other income of the first three months of financial year 2021 also includes income of € 0.3 million (previous year: € 0.0 million) of reimbursements from legislation relating to the COVID-19 pandemic.

Compared with the same period last year, the increase in materials and consumables witnessed a decline in the first three months of 2021 by € 3.1 million or 2.9% from € 105.5 million to € 102.4 million. The decline is attributable among other things from declining service volumes due to the postponement of elective provision of services as a result of the COVID-19 pandemic.

The rise in the employee benefits expense of the first three months of financial year 2021 compared with the same period of the previous year by € 8.5 million or 3.8% to € 232.2 million is essentially related to general wage increases.

Other expenses declined from € 39.3 million by € 6.6 million or 16.8% to € 32.7 million. The decline is the result of one-off effects during the same period of the previous year.

The result from the impairment on financial assets results from the adoption of IFRS 9, which among other things governs the future expected losses of financial assets.

In the first three months of financial year 2021, the negative finance result declined from € 0.9 million by € 0.4 million to € 0.5 million.

Compared with the same period last year, the tax expense item declined by € 0.3 million to € 0.1 million. The decline is the result of a lower tax assessment basis at an unchanged rate of taxation as well as higher tax refunds from previous years.

With regard to net assets, we refer to the following overview:

	31 March 2021		31 Dec. 2020	
	€ m	%	€ m	%
ASSETS				
Non-current assets	1,063.7	64.7	1,063.2	65.2
Current assets	581.2	35.3	566.5	34.8
	1,644.9	100.0	1,629.7	100.0
EQUITY AND LIABILITIES				
Shareholders' equity	1,192.2	72.5	1,190.2	73.0
Non-current liabilities	165.6	10.1	166.1	10.2
Current liabilities	287.1	17.4	273.4	16.8
	1,644.9	100.0	1,629.7	100.0

OTHER INFORMATION

Employees

On 31 March 2021, the Group of RHÖN-KLINIKUM AG employed 18,368 persons (31 December 2020: 18,449).

Employees	31 Mar. 2021	31 Dec. 2020	Change	
			absolute	%
Hospitals	16,409	16,486	-77	-0.5
Medical care centres	336	321	15	4.7
Service companies	1,623	1,642	-19	-1.2
Total	18,368	18,449	-81	-0.4

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021

	31 March 2021		31 Dec. 2020	
	€ '000	%	€ '000	%
ASSETS				
Non-current assets				
Goodwill and other intangible assets	183,054	11.2	181,627	11.1
Property, plant and equipment	864,027	52.5	865,554	53.1
Investment property	1,980	0.1	2,208	0.1
Investments accounted for using the equity method	406	0.0	394	0.0
Deferred tax assets	1,321	0.1	1,472	0.1
Other financial assets	12,854	0.8	11,981	0.8
	1,063,642	64.7	1,063,236	65.2
Current assets				
Inventories	33,809	2.1	35,239	2.2
Trade receivables	175,558	10.7	193,900	11.9
Other financial assets	230,016	14.0	231,232	14.2
Other assets	18,885	1.1	11,968	0.7
Current income tax assets	2,480	0.1	3,140	0.2
Cash and cash equivalents	120,473	7.3	90,955	5.6
	581,221	35.3	566,434	34.8
	1,644,863	100.0	1,629,670	100.0

	31 March 2021		31 Dec. 2020	
	€ '000	%	€ '000	%
EQUITY AND LIABILITIES				
Shareholders' equity				
Issued share capital	167,406	10.2	167,406	10.3
Capital reserve	574,168	34.9	574,168	35.2
Other reserves	425,685	25.9	423,831	26.0
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,167,183	71.0	1,165,329	71.5
Non-controlling interests in equity	25,026	1.5	24,892	1.5
	1,192,209	72.5	1,190,221	73.0
Non-current liabilities				
Financial liabilities	148,485	9.0	148,460	9.1
Provisions for post-employment benefits	1,183	0.1	1,114	0.1
Other financial liabilities	15,934	1.0	16,498	1.0
	165,602	10.1	166,072	10.2
Current liabilities				
Financial liabilities	1,631	0.1	943	0.1
Trade payables	86,815	5.3	80,707	4.9
Current income tax liabilities	10,161	0.6	11,388	0.7
Other provisions	27,156	1.6	32,393	2.0
Other financial liabilities	16,195	1.0	14,922	0.9
Other liabilities	145,094	8.8	133,024	8.2
	287,052	17.4	273,377	16.8
	1,644,863	100.0	1,629,670	100.0

CONSOLIDATED INCOME STATEMENT, JANUARY TO MARCH 2021

January to March	2021		2020	
	€ '000	%	€ '000	%
Revenues	335,909	100.0	332,613	100.0
Other income	51,001	15.2	50,165	15.1
	386,910	115.2	382,778	115.1
Materials and consumables used	102,439	30.5	105,488	31.7
Employee benefits expense	232,249	69.1	223,657	67.2
Other expenses	32,658	9.7	39,326	11.8
Result of impairment on financial assets	58	0.1	451	0.2
	367,404	109.4	368,922	110.9
Interim result (EBITDA)	19,506	5.8	13,856	4.2
Depreciation/amortisation and impairment	17,625	5.2	16,901	5.1
Operating result (EBIT)	1,881	0.6	-3,045	-0.9
Result of investments accounted for using the equity method	12	0.0	25	0.0
Finance income	43	0.0	72	0.0
Finance expenses	-607	-0.2	-835	-0.3
Result of impairment on financial investments	25	0.0	-202	0.0
Finance result (net)	-527	-0.2	-940	-0.3
Earnings before taxes (EBT)	1,354	0.4	-3,985	-1.2
Income taxes	104	0.0	388	0.1
Consolidated result	1,250	0.4	-4,373	-1.3
of which				
non-controlling interests	134	0.1	74	0.0
shareholders of RHÖN-KLINIKUM AG	1,116	0.3	-4,447	-1.3
Earnings per share in €				
undiluted	0.02		-0.07	
diluted	0.02		-0.07	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, JANUARY TO MARCH 2021

January to March	2021 € '000	2020 € '000
Consolidated result	1,250	-4,373
of which		
non-controlling interests	134	74
shareholders of RHÖN-KLINIKUM AG	1,116	-4,447
Changes in fair value through other comprehensive income (FVOCI)	873	93
Income taxes	-138	-15
Other comprehensive income (changes in fair value through other comprehensive income) not subsequently reclassified to income statement	735	78
Revaluation of defined benefit pension plans	4	14
Income taxes	-1	-2
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	3	12
Other comprehensive income ¹	738	90
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	738	90
Total comprehensive income	1,988	-4,283
of which		
non-controlling interests	134	74
shareholders of RHÖN-KLINIKUM AG	1,854	-4,357

¹ Sum of value changes recognised at equity.

The present document is a Quarterly Statement pursuant to section 53 of the Exchange Rules for the Frankfurter Wertpapierbörse (FWB) and does not constitute an interim report within the meaning of International Accounting Standard 34. This Quarterly Statement should be read together with the Annual Report for Financial Year 2020 and the additional information contained therein. The same accounting and valuation methods already adopted by the European Union were applied in the Quarterly Statement as in the Consolidated Financial Statements for the financial year ending on 31 December 2020. In the first three months of 2021 there were no Standards and Interpretations exceeding such scope to be applied as of 1 January 2021 and already adopted by the European Union.

For computational reasons, rounding differences of \pm one unit (€, %, etc.) may occur in the tables.

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This Quarterly Statement is also available in German.