



MOVING FURTHER

ON THE HEALTHCARE MARKET

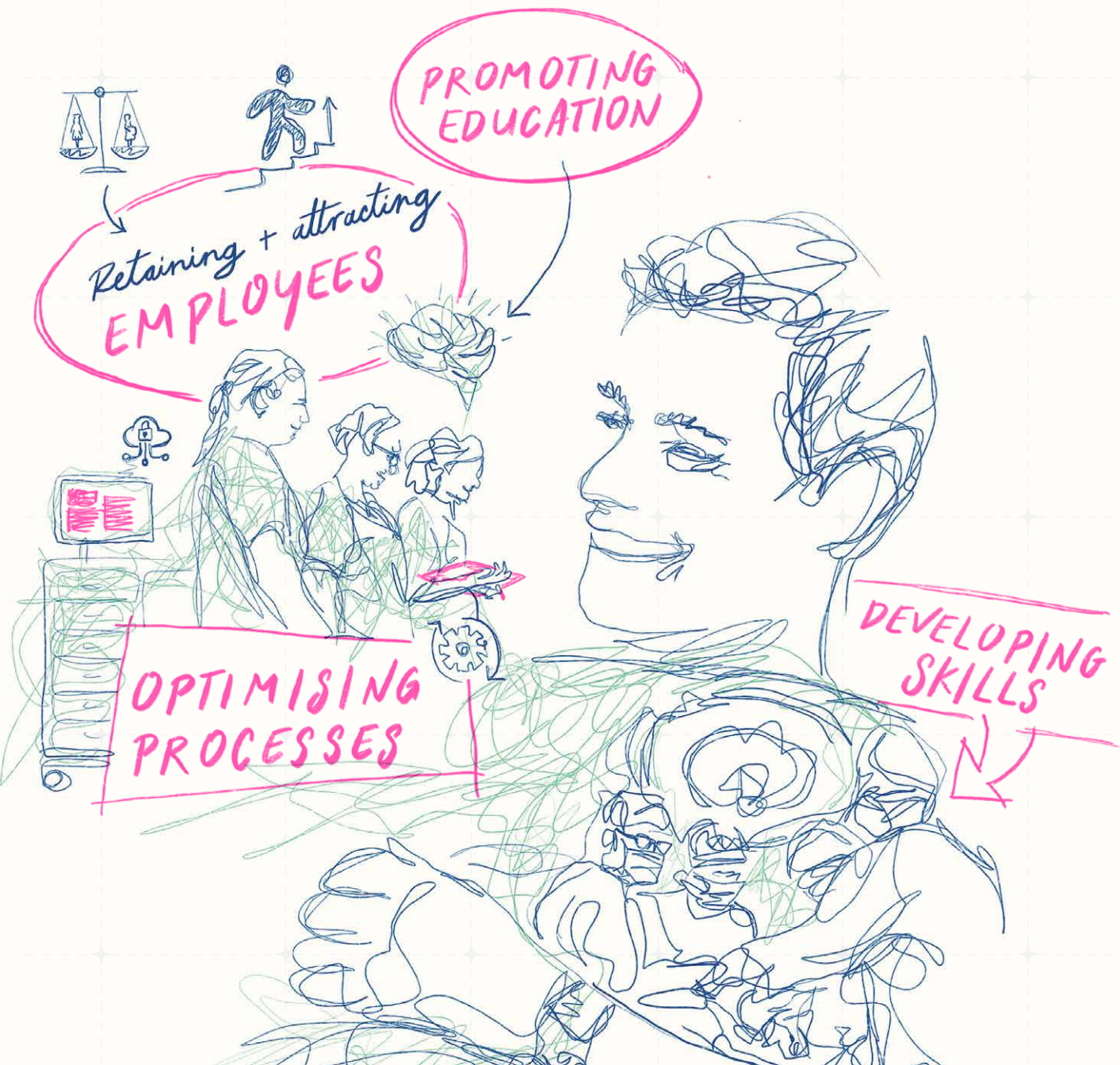
Creating
DATA SECURITY

DIGI
TALI
SATION

OVERCOMING SECTOR BARRIERS

Connecting doctors,
experts and hospitals



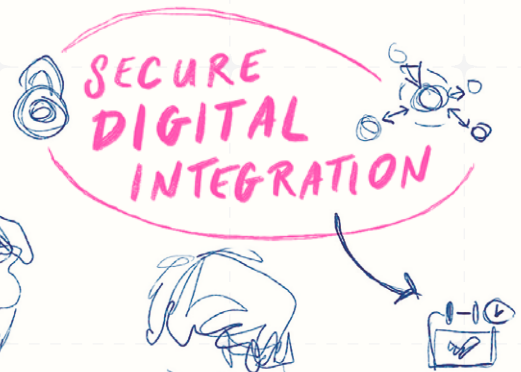


FURTHER IMPROVEMENT

OF THE STAFFING SITUATION

FURTHER NETWORKING

OF OUR PATIENTS

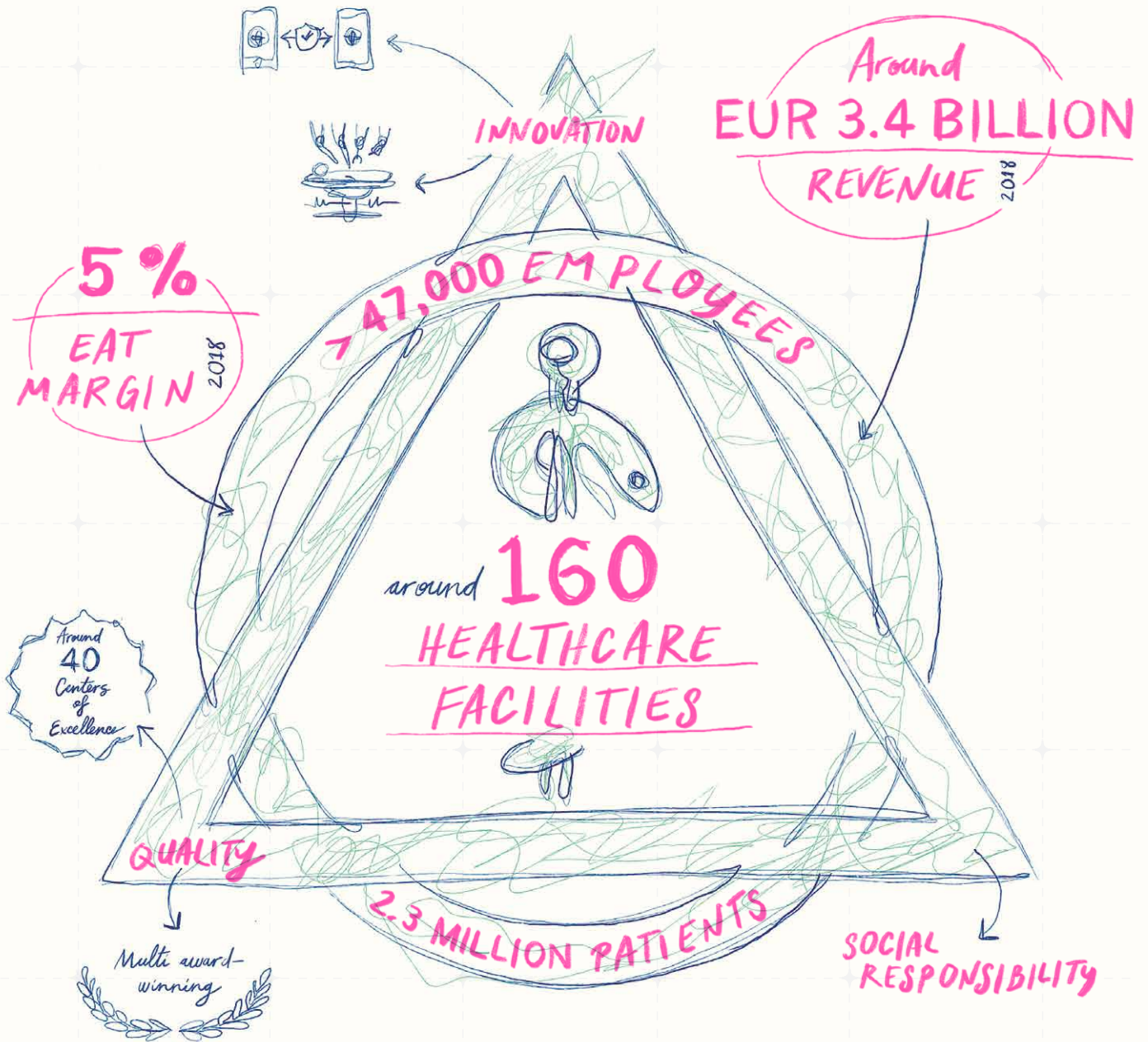


Ideal treatment infrastructure

ALL-ROUND CARE

OUTSTANDING MEDICAL CARE

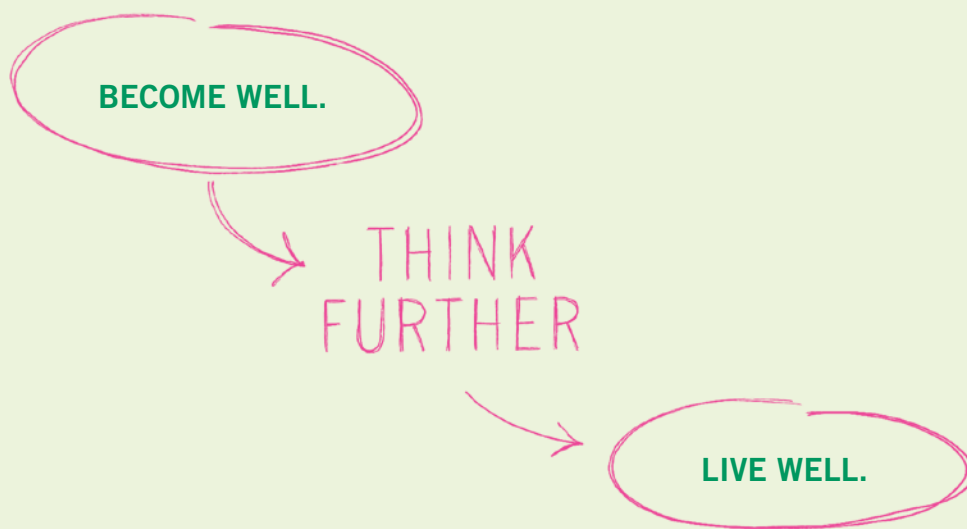


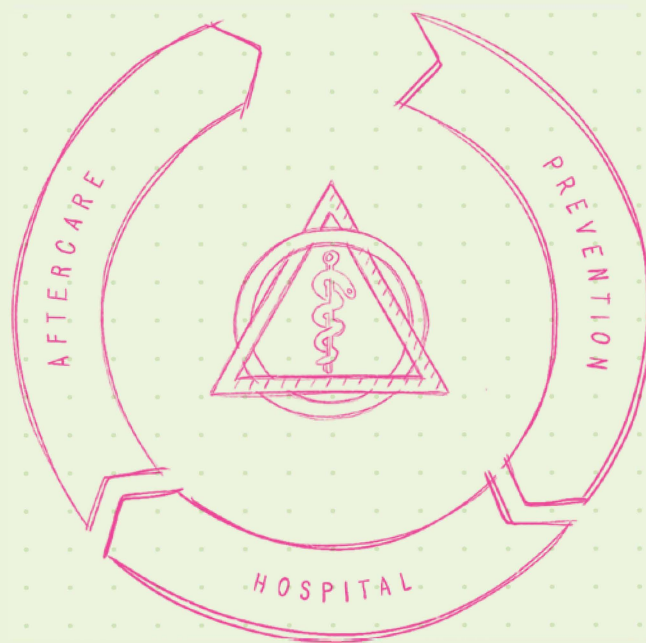


FURTHER CONTINUATION

OF THE SUCCESS STORY













FROM HOSPITAL NETWORK TO HEALTHCARE COMPANION

 4 / Letter from CEO Kai Hankeln

 8 / How Asklepios is transforming itself and shaping the future 

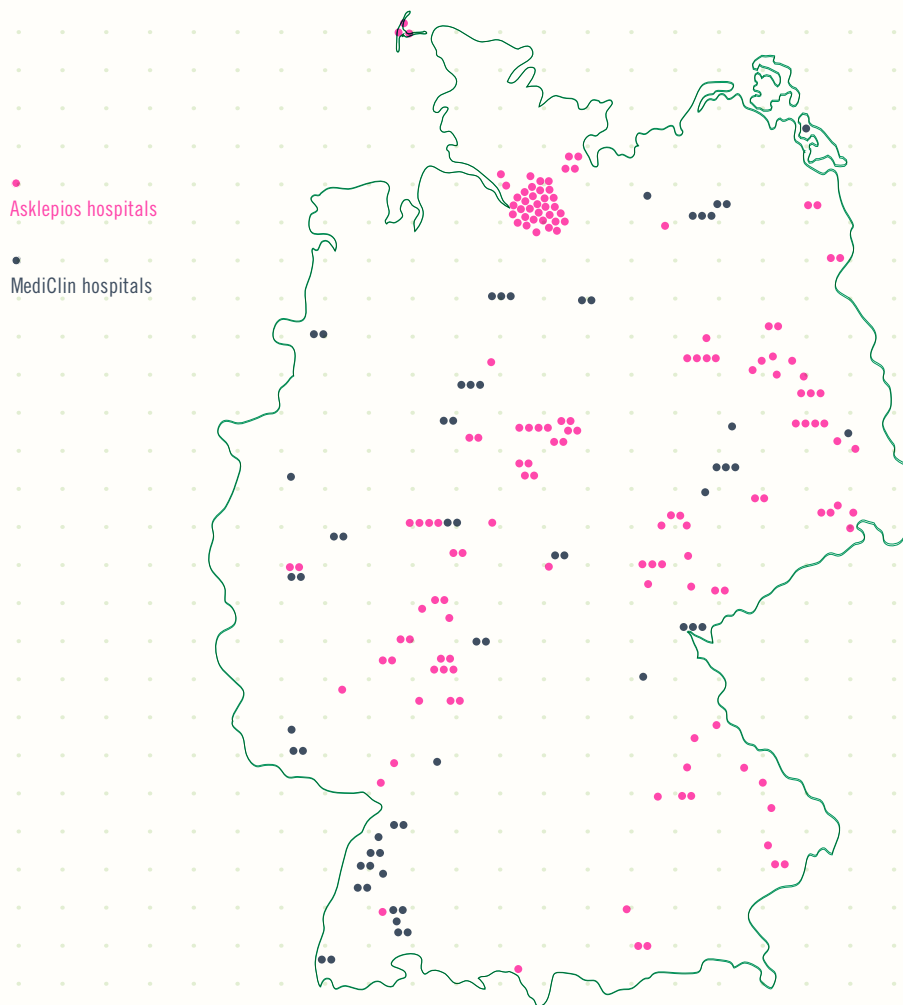
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ASKLEPIOS HOSPITAL NETWORK

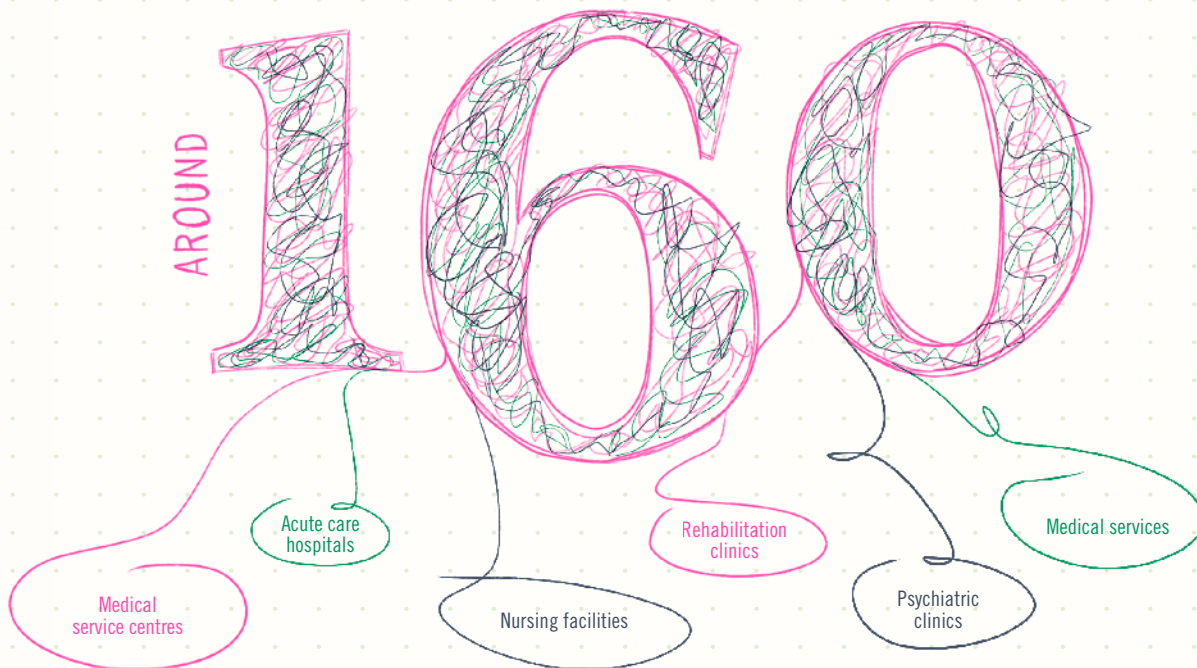
Asklepios was established in 1985 and is now one of the largest private hospital operators in Germany with around 160 healthcare facilities. Our business activities have always been geared towards top-quality, future-oriented medical care for all our patients. Across our wide range of services, we provide our 47,000 employees with wide-ranging tasks and exciting challenges. We have medical facilities in 14 federal states in Germany.

DEVELOPMENT OF EQUITY

EUR 1,495 MILLION



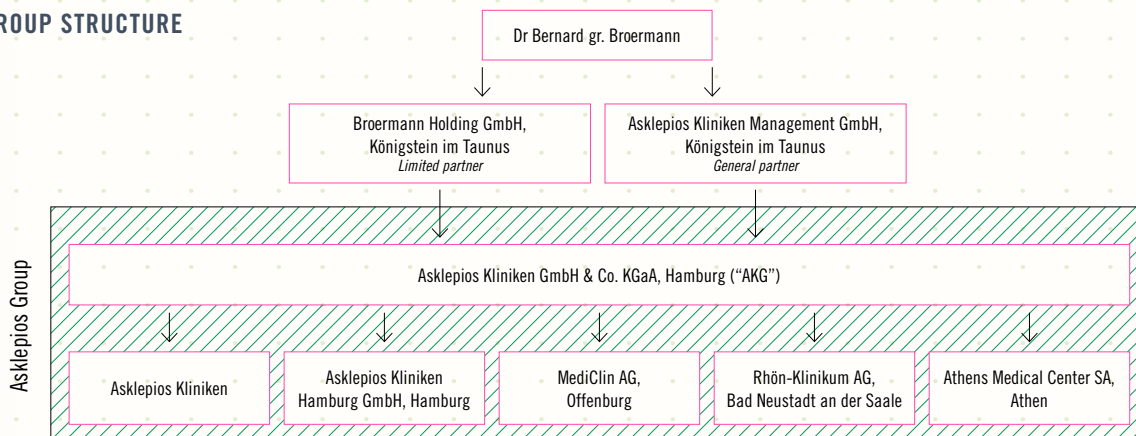
HEALTHCARE FACILITIES IN GERMANY



KEY FIGURES



GROUP STRUCTURE



LADIES AND GENTLEMEN,

*Nothing is
as constant
as change.*

”

No other saying was more suited to 2018 than this. From local hospitals to global advanced medicine, the healthcare market is changing at a rapid pace – and Asklepios is committed to playing an active role in shaping these changes and continuously improving medical and nursing care.

Our positive performance in the last financial year shows that we live this out. 2018 was a good year for Asklepios in which we grew organically, profitably and culturally. We treated more than 2.3 million patients in the last financial year. At the same time, we laid the foundations for our future through forward-looking investments – particularly in our employees. Asklepios is thus proving that sound finances and considered investment activity go hand in hand with optimum patient care.



Kai Hankeln,
Chief Executive Officer (CEO)

*Sound finances
and considered
investment activity go
hand in hand with
optimum patient care.*

What does the future of Asklepios look like? We have a clear answer to this, which has arisen in numerous conversations with employees in a host of different departments and function levels. Asklepios is evolving from a leading, family-run hospital network to a “digital healthcare companion”: with digital services, we will get even closer to our patients and create added value for them and our employees. A fitter, more efficient hospital network will remain the core of our Group.

We will attach new, innovative services to this central platform in order to extend our value chain. After all, versatility is becoming a key success factor in healthcare. We will expand our range of treatments with a focus on prevention and after-care while also improving our internal processes. In this way, we are creating new and optimised income streams that will help us to provide state-of-the-art medical care for our patients in an underfinanced healthcare market.

Our development is being driven by a megatrend: digitisation. Digital transformation of our services and processes is a major source of impetus on the path to becoming an integrated healthcare companion. Technologies such as the online appointment system *samedi*® and our new discharge management system *Care-Bridge* clearly show how patients benefit from digitisation of healthcare.

I'd like to emphasise here that digitisation is more than just a phrase for us at Asklepios. We are keen to achieve a further cultural change that will penetrate all internal departments. Consequently, we will streamline our processes and eliminate redundancies so that we can spend even more of our time on patients.

The above-mentioned proverb that nothing is as constant as change chimes perfectly with this year's annual report. The process of transformation into an integrated healthcare companion forms its thematic framework. Based on selected key topics and examples from the world of Asklepios, we show how we are managing the evolution of our business model, and exactly how patients, employees and society are benefiting from this.

Striving for constant enhancement while also aiming for sound finances and strategic continuity with our excellence strategy: at Asklepios, we are proud of what we have achieved so far – including in the 2018 financial year – and we intend to keep on helping to shape change in the healthcare market in the future.

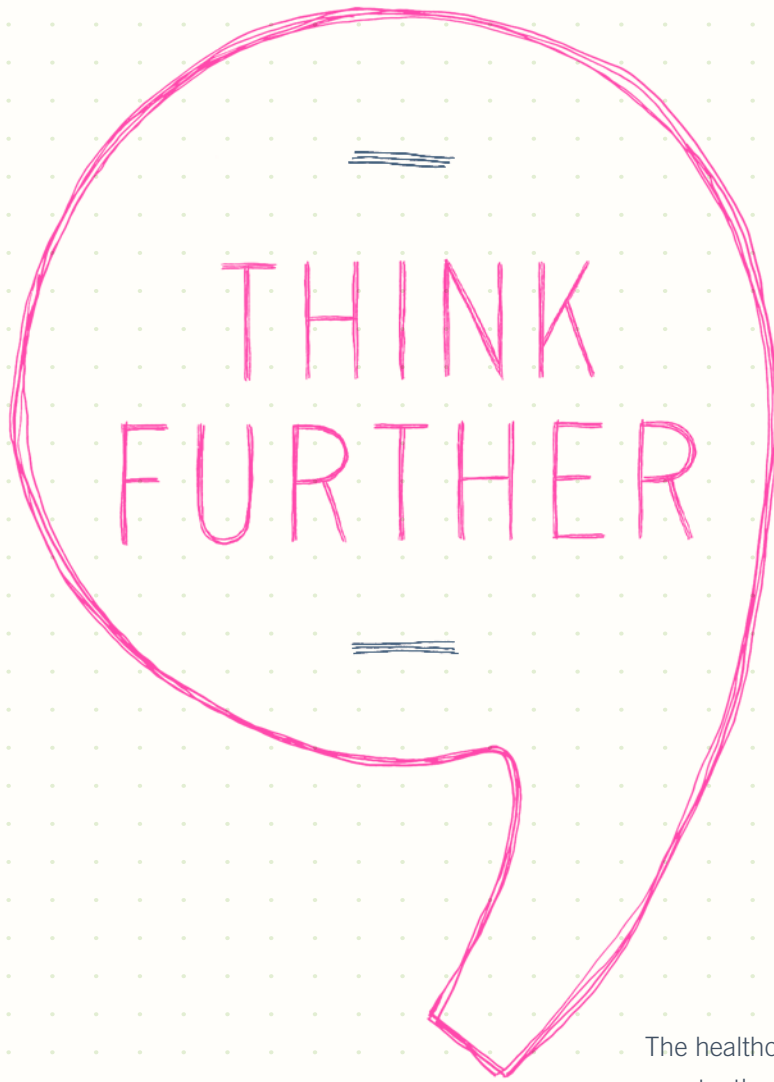
My personal thanks go to all employees who work tirelessly every day to ensure that our patients receive the best possible care. This energy spurs us all on.

Best regards



Kai Hankeln

Chief Executive Officer (CEO)



The healthcare industry is constantly changing – with the proactive involvement of Asklepios. We aim to be a pioneer in the advance of digitisation in particular.





Management Board, from left to right:

Joachim Gemmel (COO)

Prof Christoph U. Herborn (CMO)

Marco Walker (COO)

Kai Hankeln (CEO)

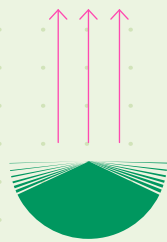
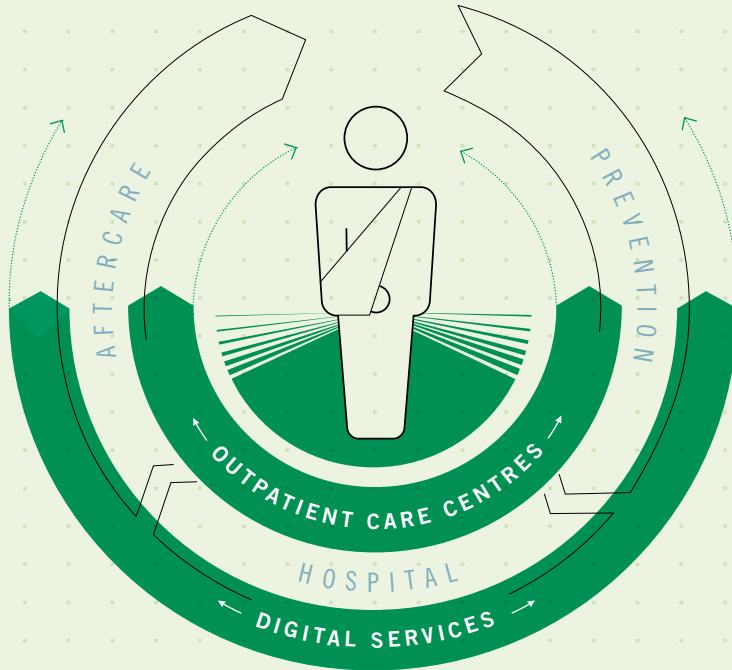
Hafid Rifi (CFO)

HOW ASKLEPIOS IS TRANSFORMING ITSELF AND SHAPING THE FUTURE

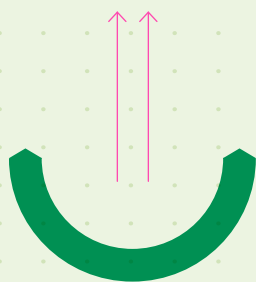
Asklepios is on the move. Our employees not only do their best every day to provide optimal care for our patients, they also try to prepare Asklepios with new ideas for the challenges of the future. Something that started with a strategy process at the level of Group management is gradually reaching the hospitals, patients and society. Whether it's the increasing popularity of our samedi® app for making appointments or the increasing range of preventive and aftercare services – Asklepios is fast approaching its goal of becoming an integrated healthcare companion.

DEVELOPMENT OF THE ASKLEPIOS HEALTHCARE PLATFORM

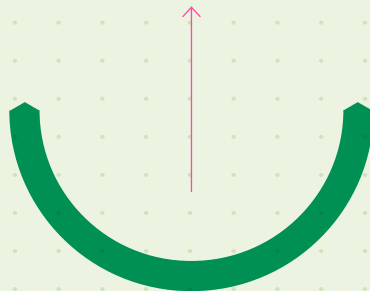
From hospital network to healthcare companion



CENTRALISATION



EXPANSION OF OUTPATIENT CARE CENTRES



DIGITAL SERVICES

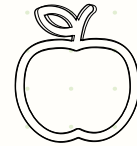
THE HEALTHCARE MARKET IS CHANGING

Every hospital manager has probably thought this over at some point: what would it be like if people became ill less often in future as a result of healthy lifestyles, modern medication and technical aids? It sounds like a nightmare scenario for every hospital operator with vacant theatres, deserted hospital corridors, bored nurses and empty hospital coffers. Yet we Asklepios can honestly say that we would like nothing more than to prevent patients from having to come to our hospitals!

Hideous prospect on the one hand, ideal situation on the other – how can the two views be reconciled? To understand this, it is worth taking a closer look at how Asklepios is strategically evolving and how these changes are already apparent in the daily routines of doctors, nurses and patients.

We would like nothing more than to prevent patients from having to come to our hospitals!

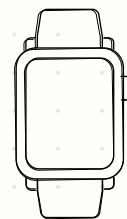




**HEALTHY
LIFESTYLE**



**MODERN
MEDICATION**



**TECHNICAL
AIDS**

*People will
become ill
less often*



THINK STRATEGICALLY

The proud slogan of Asklepios is: “Become well. Live well.” Ever since the company was founded, we have been working very intensively on the first part, “Become well”, at our facilities, which now total more than 160 in 14 federal states in Germany. And one thing is clear: top-level healthcare remains our core strength. However, we intend to focus even more strongly on the second part, “Live well”, in future.

That is why we have set ourselves an ambitious target: to make the transition from hospital network to integrated healthcare companion. Only by accomplishing this transformation successfully will Asklepios be ideally placed for the healthcare of the future.

The Group's evolution is based on our strategic guiding principles of top-quality medical care, innovation in all business areas and social responsibility.

The transformation process initiated by the management back in 2017 is based on these guiding principles. Along with the ideas and suggestions of all directors, regional managing directors and heads of department, the management devised the vision of an integrated healthcare group in several workshops and conferences.

*From hospital
network
to healthcare
companion*

**HELPING PEOPLE TO LIVE WELL –
WITH PREVENTION AND AWARENESS**



Brief interview
with Prof
Christoph U. Herborn
CMO

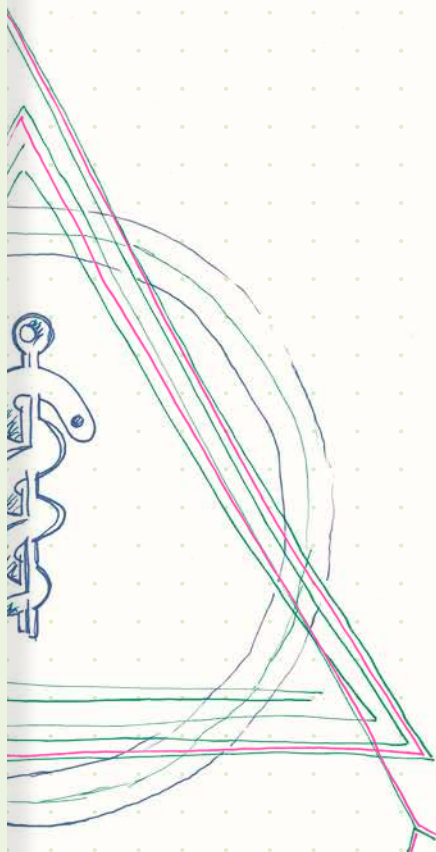
THE PILLARS ON WHICH ASKLEPIOS IS BASED

As a company with around 47,000 employees, Asklepios faces the challenge of pursuing common goals in all 160 of its facilities. To this end, Asklepios has set itself the three strategic guiding principles of “medical quality”, “innovation” and “social responsibility”. Prof Christoph U. Herborn, Chief Medical Officer of the Asklepios Group, explains what this is all about.

What part to the strategic guiding principles play in the day-to-day business of Asklepios?

A very important one! They are the three pillars on which Asklepios is based. As a healthcare provider, medical quality comes first. In our day-to-day work, we always ensure that, as well as delivering top quality, we also measure and keep on improving it. To this end, we encourage our employees to constantly make suggestions for improving quality – anonymously, if they wish. We have established a dedicated department that deals with quality assurance and optimisation. In summary: we are committed to outstanding medical care in all areas.

INATION



SOCIAL RESPONSIBILITY



THINK STRATEGIC

The proud slogan “Live well.” Even though we have achieved, we have not stopped. On the first part, “Become well” we have expanded our facilities, which now total more than 14 in 14 federal states in Germany. One thing is clear: top-level healthcare remains our core strength. However, we intend to focus even more strongly on the second part, “Live well”, in future.

That is why we have set ourselves an ambitious target: to complete the transition from hospital network to an integrated healthcare company by accomplishing this transformation. Successfully, Asklepios will be recognized as a leader for the healthcare of the future. The Group's evolution is based on the principles of top-quality medical care, innovation and social responsibility.

The transformation process back in 2017 is based on the ideas and suggestions of our directors and heads of departments. It is the vision of an integrated healthcare company and conferences.

HELPING FURTHER WITH

How does this premise fit in with the other two guiding principles, “innovation” and “social responsibility”?

To us, innovation is an important part of the high-quality medical care of our patients. We regard ourselves as early adopters here, i.e. instead of embracing every trend, we are one of the first to integrate innovative, approved technologies and medication in our day-to-day routine in order to improve processes and give our patients optimum treatment. In particular, these innovations are used in our Centres of Excellence in a targeted way so they can be implemented on a wide scale when they have proved their reliability. Part of our understanding of our social responsibility is that we go beyond treatment in helping our patients to achieve a healthy lifestyle – and the same applies to our employees. This ranges from help with a sensible diet and more exercise to medical check-ups and special training.

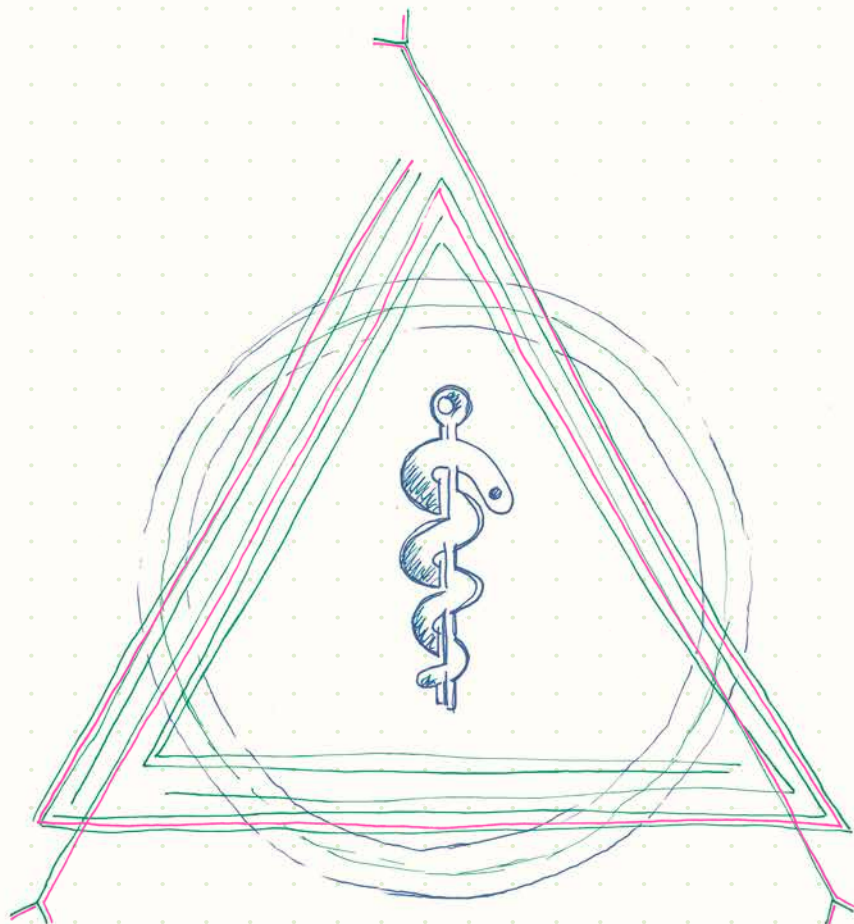
Asklepios is increasingly extending its value chain, for example with digital services. Does this development mean that the strategic guiding principles also need to be updated?

No, as the three pillars I mentioned can equally be applied to new business areas that arise along the value chain. The aim is for our patients always to receive optimum care – regardless of the outpatient sector, hospital department or rehabilitation department, everything we do is centred on quality, innovation and social responsibility. We can increasingly use digital applications for assistance here. For example, electronic patient records mean less paperwork for our specialist staff and give them more time to treat patients, and our electronic booking portal makes the appointment process easier for patients and referring physicians.

What vision do you and the Group management team have for all the strategic guiding principles?

Our company is changing, and therefore so are the demands on medical care. There are no limits to our commitments in terms of top-quality medical care, maximum innovation and social responsibility. However, we aim to keep on improving in these areas. Our vision is to get one step closer to this goal each day in everything we do at Asklepios.

INNOVATION



QUALITY

SOCIAL RESPONSIBILITY

Cost-efficiency ensures **quality** and **innovation**. At the same time, we at Asklepios have a **social responsibility** and want to make a decisive contribution to improving health care in Germany.



THINK INTEGRATION

But what exactly does being an integrated healthcare group involve? Let's look at the healthcare group element first.

- > Our work starts before help is needed and has long since continued after the stay in hospital.

We look after people's overall health with prevention and aftercare.





Joachim Gemmel
COO

CREATION OF CENTRES AND CROSS- LOCATION COLLABORATION

Until just a few years ago, being a senior consultant meant being responsible for all specialities within a discipline. For example, the senior consultant in internal medicine was responsible for all areas from A for angiology (vascular system) to T for toxicology (toxic substances). At Asklepios, these days are long gone. "Instead of relying on generalists, our approach is based on collaboration between specialists," says Joachim Gemmel, Chief Operating Officer of Asklepios.

To bundle the expertise of these doctors and treat patients with complex diseases in the best possible way, Asklepios came up with the Centres of Excellence. They include the head centre in Nord-Heidberg, the gynaecology centres at the Barmbek, Wandsbek and Nord-Heidberg locations, the interdisciplinary spinal centre in Neustadt, Saxony and the intensive scoliosis rehabilitation centres in Bad Sobernheim and Bad Salungen, to name but a few. These facilities are highly specialised in their respective fields and are established brands throughout Germany.



- > **Television station Health TV**
health tv is the private television station for living well! health tv takes the time to explain health topics in detail and shed light on them from different perspectives.

LIVE WELL

We aim to get this message across to the biggest possible audience. To this end, we have launched the **television station "health tv"**, which 400,000 people tune into every day. And we have devised our own website, **gesundleben.asklepios.com**, which provides clear information on a sensible diet, relaxation in everyday working situations and many more health topics as well as the associated products and services of Asklepios.



- > **Website:**
gesundleben.asklepios.com
From everyday fitness and a sensible diet to family health, extensive information for a better life is available at gesundleben.asklepios.com.



THINK INTE

*But what exactly does b
integrated healthcare gr
Let's look at the healthc
element first.*

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We look after people's overall health with prevention and aftercare.



*To ensure that
this valuable knowledge
is not limited to a few
individual locations,
we also encourage cross-
location collaboration,*

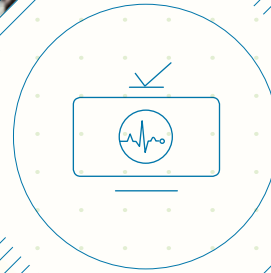
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adds Joachim Gemmel. The best example of this is the tumour centre in Hamburg: around 200 cancer experts across seven hospitals are available to patients. In practice, for example, the specialists hold weekly cross-location, digitally-assisted tumour conferences enabling them to give patients optimum advice as a team. “Particularly in the case of serious findings, it is invaluable for patients to receive genuine expertise from all relevant perspectives,” states Joachim Gemmel. More and more patients are having to travel longer distances for this. At the same time, regional proximity is often the main criterion for initial treatment. That is why Asklepios is working to step up collaboration between specialists across the entire Group.

For patients, the Centres of Excellence and the increasing integration of hospitals are a bonus. And the concept is a worthwhile one for the Asklepios Group. Through economies of scale, centres with a clear focus increase the effectiveness of investment in state-of-the-art medical facilities and therefore the quality of medical care. Joachim Gemmel: “With the Centres of Excellence, we have embarked on the right path for the future.”



- > **Television station Health TV**
health tv is the private television station for living well! health tv takes the time to explain health topics in detail and shed light on them from different perspectives.



We are making every effort to ensure that people live well and stay well. Our work starts before help is needed and has long since continued after the stay in hospital. From **awareness campaigns** on hygiene and heart health and **preventive courses** such as back training or stress-relief training, to **medical check-ups** and aftercare in the form of stays in **rehabilitation clinics and restorative treatments**, we do our utmost to make sure that people can enjoy good health for as long as possible. That is why it is also ideal for us if we can prevent patients from having to come to our hospitals.

LIVE WELL

We aim to get this message across to the biggest possible audience. To this end, we have launched the **television station "health tv"**, which 400,000 people tune into every day. And we have devised our own website, **gesundleben.asklepios.com**, which provides clear information on a sensible diet, relaxation in everyday working situations and many more health topics as well as the associated products and services of Asklepios.



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THINK DIGITALLY

However, the second element in integration of the healthcare group means much more to us than simply using digital distribution channels to convey our messages. We take the megatrend of digitisation seriously – which is why we are undergoing a cultural change, at the end of which we will digitally rethink all our processes. After all, this is where the actual opportunity of digitisation lies – making analogue processes that are not yet ideal better for patients, doctors and nurses. Accordingly, the theme of this annual report and the development of new services

is “Become well. Live well. Think further.” In other words: Asklepios is committed to setting the pace for digitisation of the healthcare sector.

*Cultural change:
Thinking ahead
also means thinking
digitally.*

*see
page 17*

We already provide digital services that link up before and during the stay in hospital and on discharge. Our app samedi® helps patients to make appointments quickly easily. Our new hospital information system is being rolled out at our healthcare facilities, and will soon replace hard-copy patient records with digital ones at all Hamburg hospitals. And after the spell in hospital, our new platform for discharge management is used. These are just a few examples of digitisation “made by Asklepios”.





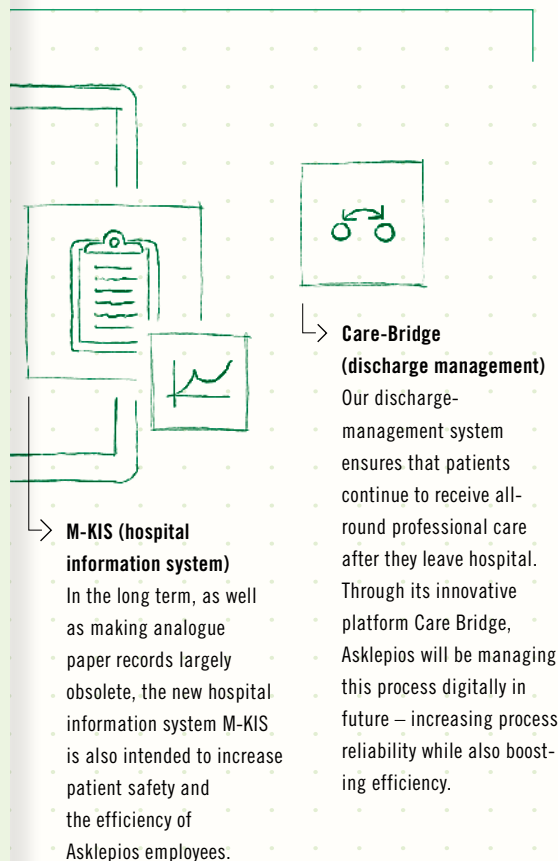
Marco Walker
COO

DIGITAL INTEGRATION IN HEALTHCARE

“At Asklepios, we use samedì® at our approx. 160 facilities, in conjunction with our subsidiary MediClin. samedì’s extensive functions show how we are putting the patients’ perspective first on our path to becoming a digital healthcare company,” says Marco Walker, Chief Operating Officer of the Asklepios Group. “This is also reflected in the ever-growing number of users.”

Maximilian Schmitz* decided to be examined by a doctor on the spur of the moment. The mountain biker’s shoulder had been aching since he fell off his bike the previous day. As the pain persisted, he thought it best to have his shoulder looked at. To help him find the right doctor, he logged into his samedì® app. It suggested several orthopaedic specialists within a 50-kilometre radius. As it was Sunday, Mr Schmitz used the samedì® app to arrange an appointment online immediately. He also submitted his patient data in advance – in line with the highest data-protection standards thanks to a TÜV certificate and end-to-end encryption.

*Hypothetical case study. Asklepios maintains strict confidentiality regarding the details of patient relationships.





THINK DIGITAL

However, the sector's healthcare growth is not simply using digital tools to send our messages. We take the megatrend of digitalisation as the reason why we are undergoing a cultural change. We will digitally rethink all our processes. The opportunity of digitisation lies – not yet ideal better for patients, but a key theme of this annual report and

*Cultural change:
Thinking ahead
also means thinking
digitally.*

see
page 17

discharge. Our app **samedi**® helps patients check out quickly and easily. Our new hospital check-out at our healthcare facilities, and our integration of patient records with digital ones at home. After the spell in hospital, our new patient portal is used. These are just a few examples from Asklepios”.



More and more Asklepios patients are using the **samedi**® app

The examination showed that Mr Schmitz needed a shoulder operation. The doctor treating him used **samedi**® to refer him to the appropriate surgeon with no red tape, and sent the examination results and patient data to the surgeon straight away, with the patient's electronic consent.

“We are continuously developing integrated digital solutions to make it easier for patients, doctors and nursing staff to plan essential treatment processes. There is much more to this than getting away from paper. It is a cultural change and an opportunity to improve established processes,” explains Walker. “Our objectives are digitally integrated processes that stand out by virtue of fast and secure data exchange between everyone involved. Care-Bridge, the new platform for discharge management, is another key element in this strategy.”

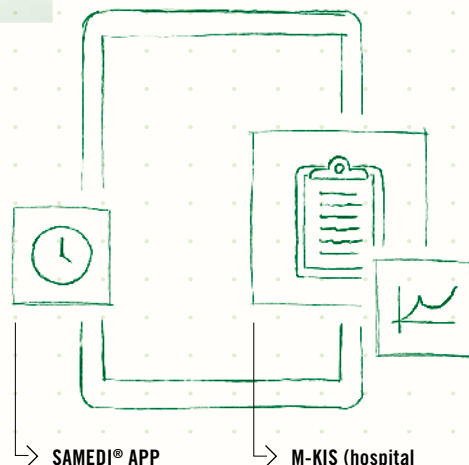
Discharge management ensures that a patient is not left alone after being discharged from inpatient treatment. The process requires communication between hospitals and subsequent care stakeholders such as rehabilitation clinics, nursing services, pharmacies and payers. Numerous documents have to be provided here – such as a personalised medication plan.

“An IT-based platform solution can make the discharge-management process much more straightforward. With our platform Care-Bridge, we are continuously enhancing patient-oriented follow-up care after an inpatient spell in hospital, and will also make Care-Bridge available to other healthcare companies – we consciously regard ourselves as a systems firm here,” adds Marco Walker.

Patients like our hypothetical patient Maximilian Schmitz also benefit from these concepts: he needed rehabilitation to support healing of his shoulder joint. He used the Asklepios discharge-management system to coordinate the right follow-up therapy from his hospital bed. It won't be long before he is back on his mountain bike again.



DIGITAL MEDICINE



→ **SAMEDI® APP**

Via samedid®, patients can arrange an appointment with the specialist of their choice quickly and with no red tape. Asklepios and MediClin provide the software at all of their 160-plus health-care facilities.

→ **M-KIS (hospital information system)**

In the long term, as well as making analogue paper records largely obsolete, the new hospital information system M-KIS is also intended to increase patient safety and the efficiency of Asklepios employees.

→ **Care-Bridge**

(discharge management)

Our discharge-management system ensures that patients continue to receive all-round professional care after they leave hospital. Through its innovative platform Care Bridge, Asklepios will be managing this process digitally in future – increasing process reliability while also boosting efficiency.

THINK
FURTHER

THINK IN SPECIFICS

The recovery of our patients is always in the hands of the people who treat and care for them. Qualified and motivated staff are therefore essential to top-quality treatment and maximum patient satisfaction. Our 47,000-plus employees are our most valuable asset. For the long-term success of Asklepios, it is crucial that we provide the best possible working conditions every single day – so that our employees can focus on the patients.

To this end, we are constantly enhancing our processes, the working environment and job descriptions. At the same time, we have a responsibility to equip our employees for current and future tasks. We hone our expertise in a targeted manner through a wide range of individual training measures. In addition, Asklepios is Germany's largest training provider for the healthcare professions with over 2,600 training places worldwide, including approx. 1,500 in Hamburg.

In addition, Asklepios is Germany's largest training provider for the healthcare professions with over 2,600 training places worldwide, including approx. 1,500 in Hamburg.




BETTER CARE WITH THE HOSPITAL INFORMATION SYSTEM MCC

Because nothing is written by hand any more, there are far fewer transcription errors.

”

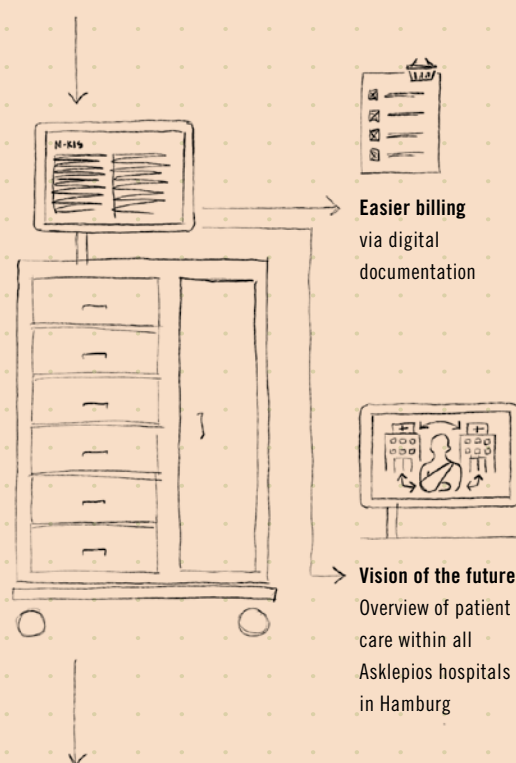
This is what our nurses are saying and are referring to the hospital information system that has been in use since 2017/2018 at Asklepios Westklinikum Rissen and Wandsbek. The system bears the initials “M-KIS”. The aim is to guarantee secure data exchange at all levels. Doctors, nurses and therapists enter their notes directly in M-KIS – for instance on the issue of medication or placing a catheter. All information required for a patient's treatment can be retrieved directly on the screen of the mobile carts. At the same time, digital documentation makes it easier to bill medical activities precisely.

Following the successful initial phase at Westklinikum, M-KIS is being gradually rolled out across all Asklepios hospitals in Hamburg with a suitable acclimatisation period. In future, nurses will be able to see immediately on the computer whether a patient has already been treated at Wandsbeck or Altona, for instance. This will give us a better overview.

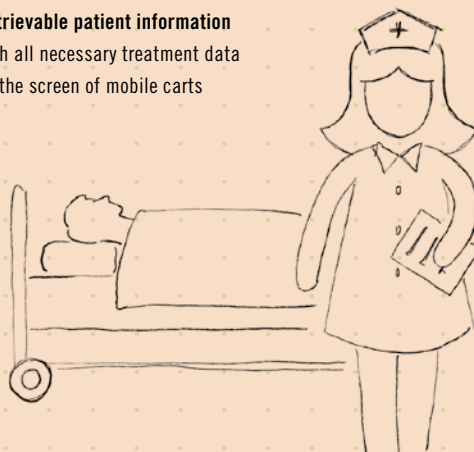
 Secure data exchange at all levels



Patient notes with no transcription errors through direct entry of notes in the system by doctors, nurses and therapists



Retrievable patient information with all necessary treatment data on the screen of mobile carts





THINK
FURTHER

WITH CLEAR OBJECTIVES

We have a clear plan for the near and more distant future.

From this plan, we can also derive clear answers to the huge changes in the healthcare industry.

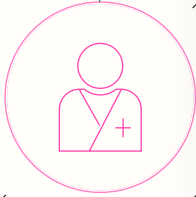
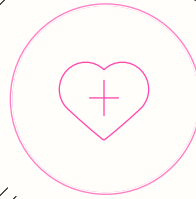
WE WILL ...

... continue to grow sustainably and profitably so that we can keep on investing in our innovative healthcare provision.

 see
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WE WILL ...

... meet the challenge of a lack of qualified staff, particularly in the field of nursing, by investing heavily in training our employees at home and abroad.

 see
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WE WILL ...

... step up our excellence strategy, with which we are creating renowned centres for the treatment of specific diseases.

**WE WILL ...**

... make increasing use of economies of scale in order to optimise processes and costs in non-patient-centred areas such as administration or housekeeping.



Hospital operations as a central platform for healthcare provision from a single source

Hospital operations are the starting point for all these initiatives. They are the framework for our ever-growing range of new services, and they enable healthcare provision from a single source. At its heart, Asklepios is the same company that it always has been. Yet we are thinking ahead and creating the networked

Group that we are keeping a clear vision of – with initiatives for awareness and prevention, new services along our value chain, and top-quality care for patients. And if our desire for people to live more healthily and have to come to our hospitals less frequently comes to fruition in the future, we will be ideally positioned.



THINK OF TOMORROW

Ideally positioned for the future – through continuous investment

“**W**hat our investors appreciate about Asklepios is that we are active in an attractive industry with strong cash flows and stable general conditions,” says Hafid Rifi, CFO of Asklepios. “Some investors go as far as to say that we have a ‘very down-to-earth’ business model – and they mean that as a compliment.” Yet for all its constancy, Asklepios remains committed to its growth policy.

Asklepios’s success is the result of hard work and intelligent solutions to the challenges in German healthcare. In an often capital-intensive industry, investment forms the basis for sound long-term growth that delivers economic success while also benefiting patients. So it is no surprise that Asklepios has invested over EUR 600 million in equity in the past three years. That equates to roughly half the annual revenue of our entire hospital network in Hamburg. When combined with government investment funds, a total of around EUR 900 million has been used for activities such as renovation and new construction of sites and buildings (around EUR 140 million) and modern operating and office equipment (around EUR 270 million).

Asklepios remains committed to its growth policy.



Hafid Rifi
CFO

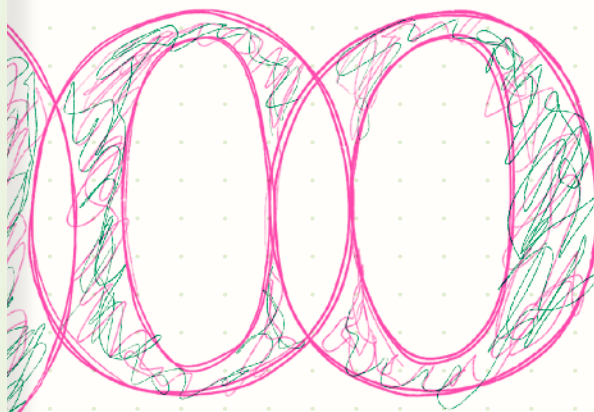
INVESTMENT IS NOT AN END IN ITSELF

Asklepios is constantly investing in the Group – EUR 342 million last year alone. The main question is: which projects should the capital be channelled into so that Asklepios can generate value for as long as possible? In this interview, CFO Hafid Rifi explains how important investment is to the healthcare company, the premises Asklepios applies to its investment – and why it is worthwhile to put even the procurement of operating sets under scrutiny.

Mr Rifi, how can Asklepios increase its value long-term?

In our multifaceted company, one answer to that is: by investing in the best medicine. From the viewpoint of an employee in Finance, investment is obviously a value proposition for the future, too. What the various perspectives have in common is that Asklepios can increase in value long-term only if we use our resources wisely. In short, investment is a key factor in our corporate development.

N EQUITY



MILLION EUR IN TOTAL INVESTMENT

**INVESTMENT
OVER THE PAST
3 YEARS**



MILLION EUR IN MODERN OPERATING
AND OFFICE EQUIPMENT



THINK OF TO

Ideally positioned for the future – through continuous investment

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*Asklepios
committed to
its growth*

What premises do you apply when you invest for Asklepios?

Our top priorities are long-term value retention and value enhancement. In concrete terms, for example for our employees, this means that we want to ensure that they have a secure job for as long as possible. This way of thinking stems partly from the fact that as employees of a family company, we are committed to a long-term understanding of entrepreneurship, and aim to create and preserve value for future generations, too. In addition, we take our duty of care as a healthcare company very seriously. In this respect, whenever we spend anything, we think very carefully: is this investment creating added value – in terms of our finances as well as security of supply, patient wellbeing and good working conditions – or are we simply buying a replacement that has had its day and will have to be replaced again in the foreseeable future?

Could you give us an example, please?

Take operating sets – these are the metal trays in the operating theatre where scalpels, forceps and other surgical instruments are kept sterile. In the past, we had to replace the trays regularly in all our hospitals. That is recurrent maintenance that regularly accounted for an eight-figure sum across the Group. So we looked at it with our colleagues on the medical side and thought: how can we improve the sterilisation process overall and come up with a more sustainable alternative? In this way, the specialist department found a solution that incurs only a fraction of the current costs. In a nutshell, we are all giving a lot of thought to how and where we use our capital as wisely as possible. Investment is not an end in itself. When investments are to be made at Asklepios, different projects and ideas always compete for the budgeted financial resources.

What timeframe do you envisage for investments?

Investments are never just for today, but always for tomorrow and beyond as well. In all divisions, Asklepios continuously faces this question: what will the world – especially the hospital world – look like in 20 or 30 years’ time? And if the answer in a specialist department is, for instance, that medical care can be improved by things such as robots performing certain activities in the near future, then we will invest in these technologies straight away. This ability to think more than just a couple of years ahead is a defining characteristic of Asklepios.

6000

MILLION EUR IN EQUITY

AROUND

9000

MILLION EUR IN TOTAL INVESTMENT

INVESTMENT
OVER THE PAST
3 YEARS

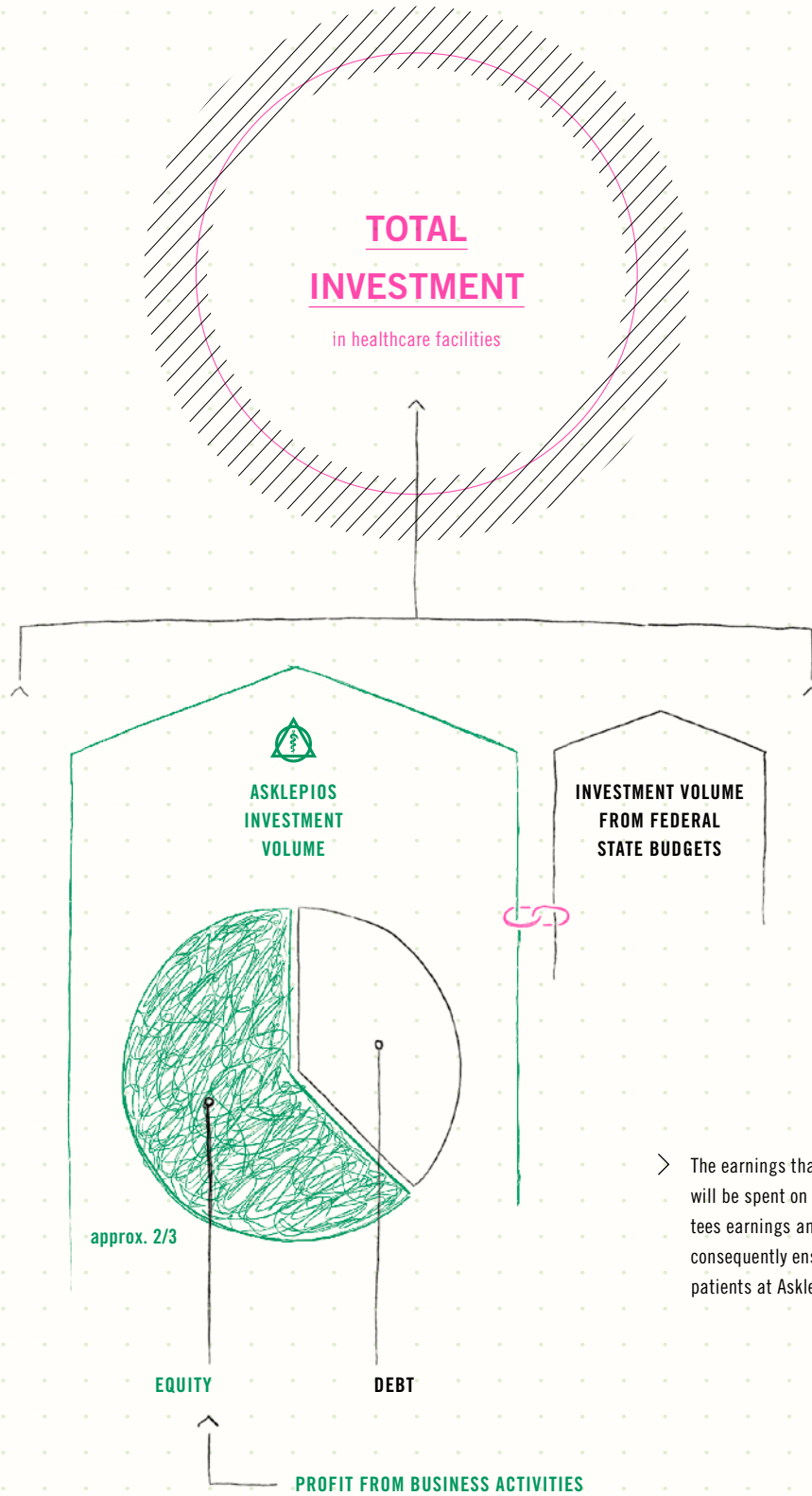
140

MILLION EUR IN NEW CONSTRUCTION
OF SITES AND BUILDINGS

270

MILLION EUR IN MODERN OPERATING
AND OFFICE EQUIPMENT

ENSURING INVESTMENT CAPABILITY THROUGH PROFIT



> The earnings that Asklepios generates now will be spent on investment that guarantees earnings and jobs in the future – and consequently ensures outstanding care of patients at Asklepios healthcare facilities.

WE ARE CONTINUOUSLY INVESTING IN OUR LOCATIONS FOR OPTIMUM, STATE-OF-THE-ART CARE



Klinik Wandsbek

Conversion and modernisation
for around EUR 160 million



There are many examples of investments for the future at Asklepios. One core project is the Employee Assistance Program (EAP), in which external companies and their employees receive advice on how to prevent mental stress and absence from work. To strengthen promotion of health in the workplace, to complement Asklepios Connecting Health, the healthcare group has acquired the companies Talingo EAP and Insite – two leading providers of support programmes for employees. This has lifted Asklepios to market leader in the EAP sector, and further investment in this promising field is planned.

Asklepios will take targeted steps to extend its value chain with higher-margin business areas in order to generate investment funds for top-quality medicine. We are striving for a healthy balance between conventional hospital business and the new business areas. A strong hospital network will remain the core of the Asklepios Group. The new business areas are clearly intended as a strategic addition to the core business. They help

targeted steps to

with higher-margin

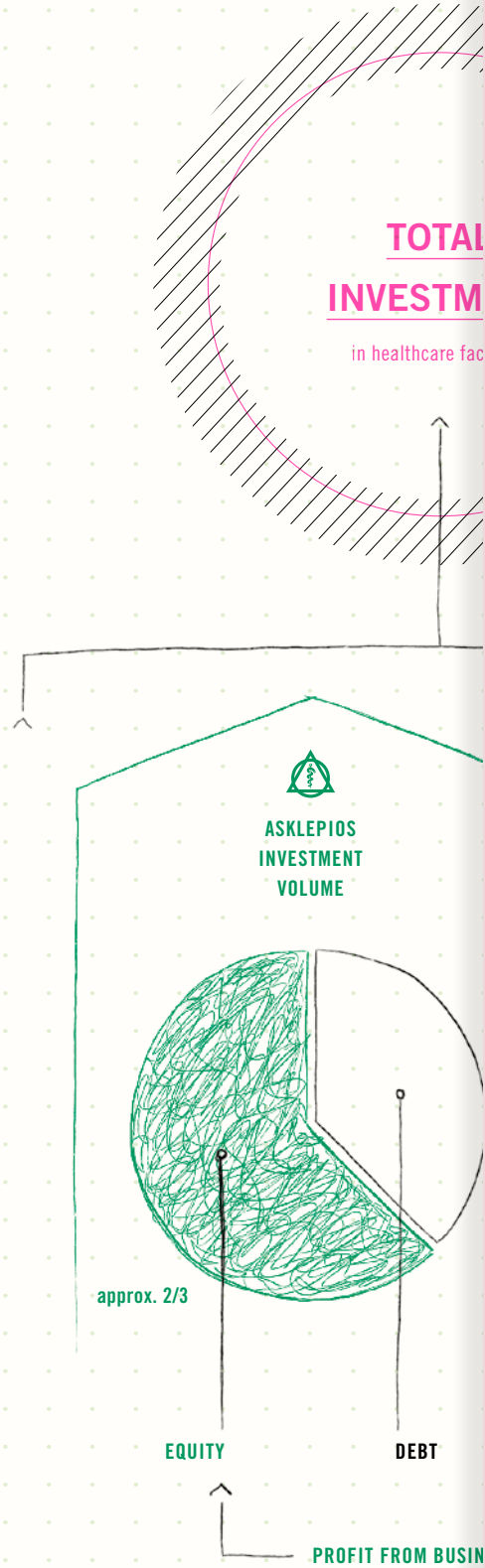
er to generate

top-quality medicine.

us at Asklepios to expand our integrated, medically leading services and secure our long-term income structures in the healthcare industry.

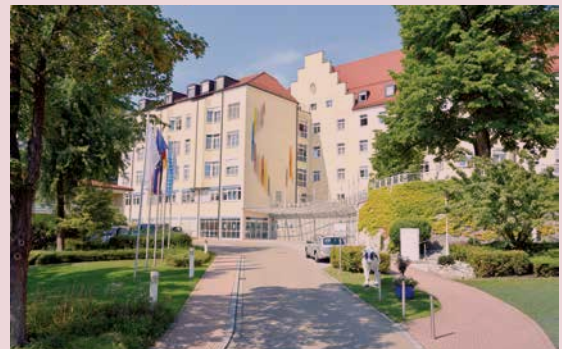
Asklepios has always stood out by virtue of its ability to pursue a forward-looking investment policy, and this model of value creation has served the company well for almost 35 years. As Hafid Rifi states, “We will continue to make every effort to be a growing company with a sustainable, reliable business model – making us more attractive to many investors than the average start-up.”

ENSURING INVESTMENT CAPAE



Klinikum Harburg
New building by 2019

Endoscopic gastrointestinal examinations with state-of-the-art technology



Asklepios Klinik Lindau
Total investment of EUR 15 million.

New intensive-care ward, functional diagnostics, recovery room, central sterilisation unit



Investment guarantees outstanding healthcare provision

Distinguishing between equity and external funds is essential to correct categorisation of Asklepios's huge contribution to healthcare provision in Germany. All hospitals receive part of their investment funds from the respective federal state budgets. State investment funding is important and right. However, it is also true that for several decades now, financing from the federal states has not been enough to meet all the investment needs of modern hospitals. The hospitals have had to generate the rest from forward-looking, sustainable use of surpluses from their business operations. For the Asklepios Group, which is firmly committed to medical excellence, strong investment capability is extremely important. This is the only way in which we can reliably ensure that the latest medical technology is always available to our patients at all our hospitals.

On average, Asklepios funds around two thirds of its investments from equity. This completes the cycle: the earnings that Asklepios generates now will be spent on investment that guarantees earnings and jobs in the future – and consequently ensures outstanding care of patients at Asklepios healthcare facilities.

How much money Asklepios spends on what projects is not decided by the Finance department alone. In the 2018 financial year, the managers of all healthcare facilities and divisions of the company came together in workshops to discuss questions concerning the future: how will the healthcare market evolve in the long term? What segments should Asklepios be focusing on now in order to be ideally positioned for tomorrow? Answers to these questions play a key part in decision-making on investments.

There are many examples of investments for the future at Asklepios. One core project is the Employee Assistance Program (EAP), in which external companies and their employees receive advice on how to prevent mental stress and absence from work. To strengthen promotion of health in the workplace, to complement Asklepios Connecting Health, the healthcare group has acquired the companies Talingo EAP and Insite – two leading providers of support programmes for employees. This has lifted Asklepios to market leader in the EAP sector, and further investment in this promising field is planned.

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Asklepios will take targeted steps to extend its value chain with higher-margin business areas in order to generate investment funds for top-quality medicine.

Asklepios has always stood out by virtue of its ability to pursue a forward-looking investment policy, and this model of value creation has served the company well for almost 35 years. As Hafid Rifi states, "We will continue to make every effort to be a growing company with a sustainable, reliable business model – making us more attractive to many investors than the average start-up."

LETTER FROM THE SHAREHOLDER

Ensuring quality, growing innovatively, increasing responsibility

As an integrated healthcare companion, Asklepios will take on even more responsibility in the future – for ill and healthy people as well as for high-quality care in our healthcare system. We will focus even more strongly on our patients in a holistic and complete way: optimum treatment at our hospitals remains at the heart of what we do, but by investing in innovative prevention and aftercare solutions, we aim to ensure that ideally, people don't have to go to our hospitals in the first place. In 2018, Asklepios enjoyed another successful financial year in which strategic steps were taken to move the company forwards. The company is evolving into an integrated healthcare companion. However, this process of change is not about turning Asklepios into a completely new company. On the contrary: Asklepios was founded nearly 35 years ago with the vision of establishing state-of-the-art medical care on a wide scale – and this remains our strategic compass.

But based on a broader value chain, we can offer our patients even better, more comprehensive services in the future. We are improving our treatment through innovative processes, integration and digitisation; at the same time, we are progressively providing an ever wider range of preventive and aftercare services. You could say that we are expanding our corporate vision.

As a family-run company with critical mass, Asklepios can manage this transformation rigorously and at its own pace. This is a major strategic advantage. However, innovations must not be an end in themselves. From our perspective, change must bring genuine added value to society. What is more, I regard our ability to change as a clear social obligation. After all, our healthcare system is under ever-increasing cost pressure. Patients – rightly – have extremely high expectations of their treatment. The staffing situation in the healthcare industry is set to remain challenging for the foreseeable future. By contrast, there are increasingly advanced technologies and innovations to which every single patient is entitled.

In this complex area of conflicting priorities, we are living up to our responsibility. As an industry pioneer, we aim to show how prevention, acute care and aftercare can be dovetailed effectively and how these integrated services can be made available to patients with no red tape. Continuous simplification and digitisation of our internal processes is a key factor here.

Consequently, we are also reducing our employees' workload. First and foremost, our medical staff should look after patients. That is why we reduce unnecessary administrative work wherever possible. The more we meet this commitment, the more attractive we will make the nursing and medical profession.

Innovations must not be an end in themselves. From our perspective, change must bring genuine added value to society.

”

At the same time, we are thus helping to ease the burden on the overall healthcare system. After all, medical innovations and technologies benefit patients if a healthcare system is also economically strong enough to use them across the board.

Last year, we saw major advances in the evolution of our company. Huge thanks to all our employees for this. Doctors, nurses, administrative staff and managers – you all made a valuable contribution. With your strong backing, I am looking forward to the rest of the new financial year. I am confident that together, we will all create crucial added value for every single patient and for our healthcare system once again this year.

Bernard gr. Broermann

Dr Bernard gr. Broermann



It is our great pleasure to be able to present our first **sustainability report** this year. Above and beyond the legal requirements, we aim to inform our employees, patients and investors about our influence on the environment and society. At the same time, we provide insight into concepts and measures that we are pursuing for a sustainable future. From now on, we will report on these every year. In addition, our new **prevention report** enhances awareness of factors that lead to a balanced, contented and healthy lifestyle. After all, people's health starts with their daily routine. In this prevention report, Asklepios conveys basic information that can help towards healthier living. Experts provide tips on motivation, sport, diet and mental wellbeing.



ASKLEPIOS KLINIKEN GMBH & CO. KGAA, HAMBURG

GROUP MANAGEMENT REPORT



for the 2018 financial year

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A. KEY FIGURES OF THE ASKLEPIOS GROUP

Group key figures		2018	2017	Change in %
Number of patients		2,265,603	2,282,421	-0.7
Cost weight		567,271	587,240	-3.4
Number of beds		26,651	26,704	-0.2
Employees (full-time equivalents)		35,327	35,097	+0.7
Net cash from operating activities	EUR million	299.9	289.3	+3.7
Revenue	EUR million	3,407.9	3,261.9	+4.5
EBITDAR ¹	EUR million	456.7	453.1	+0.8
<i>EBITDAR margin in %</i>		13.4	13.9	
EBITDA	EUR million	397.6	396.4	+0.3
<i>EBITDA margin in %</i>		11.7	12.2	
EBIT	EUR million	244.2	256.7	-4.9
<i>EBIT margin in %</i>		7.2	7.9	
Consolidated net profit (EAT)	EUR million	171.1	194.1	-11.9
<i>Return on sales in %</i>		5.0	6.0	
Investments in property, plant and equipment and intangible assets (own funds) ²	EUR million	251.6	195.6	+28.6
<i>Own funds ratio in %</i>		73.6	70.9	
Total assets		4,050.3	4,113.0	-1.5
Equity	EUR million	1,494.5	1,416.6	+5.5
<i>Equity ratio in %</i>		36.9	34.4	
Financial liabilities	EUR million	1,378.7	1,486.9	-7.3
Cash and cash equivalents	EUR million	351.6	612.3	-42.6
Net debt EBITDA LTM	EUR million	1,027.0	874.6	+17.4
Net debt/EBITDA		2.6x	2.2x	
Interest coverage factor (EBITDA/net interest income) ³		10.3x	16.5x	

¹ Earnings before interest, taxes, depreciation, amortisation and rent

² In relation to investments at hospital locations

³ As at 31 December of the current year

B. 2018 – A CHALLENGING FINANCIAL YEAR

Asklepios Kliniken GmbH & Co. KGaA looks back at a challenging 2018 financial year. Nevertheless, at 4.5% revenue performance was positive as against the previous year. 2.3 million patients were treated at the approximately 160 healthcare facilities in the financial year. Revenue amounted to EUR 3,407.9 million. Consolidated net profit (EAT) amounted to EUR 171.1 million (previous year: EUR 194.1 million). Operating EBITDA improved slightly by 0.3% to EUR 397.6 million, whilst the EBITDA margin was 11.7%. EBITDA was influenced by non-recurring effects at our sub-group MediClin AG of approximately EUR 7.5 million, and the adjusted EBITDA margin was 11.9%. As at 31 December 2018, at EUR 1,494.5 million, equity was higher than as at 31 December 2017 (previous year: EUR 1,416 million). The equity ratio increased to 36.9% (previous year: 34.4%).

Asklepios is well-prepared for the upcoming regulatory challenges, such as the legal requirements for the Pflegepersonaluntergrenzen (PpUGV – German regulation for the threshold for nursing staff). The company is actively involved in shaping the changes in the German healthcare market and is continuously improving medical care and nursing. At the same time, the Group's management is driving the medium-term transformation of the Group. With the ongoing expansion of its product range, Asklepios is increasingly evolving from a leading, family-owned hospital network to integrated healthcare group. The hospital network continues to be the core of the Group. New, innovative services to broaden the value chain are associated with this central platform. This versatility is a key factor in sustainable success in healthcare. Asklepios' range of treatment focussing on prevention and aftercare is being expanded, while digitisation improves internal processes. As a result, the company is cultivating new revenue streams that help to ensure modern medical care.

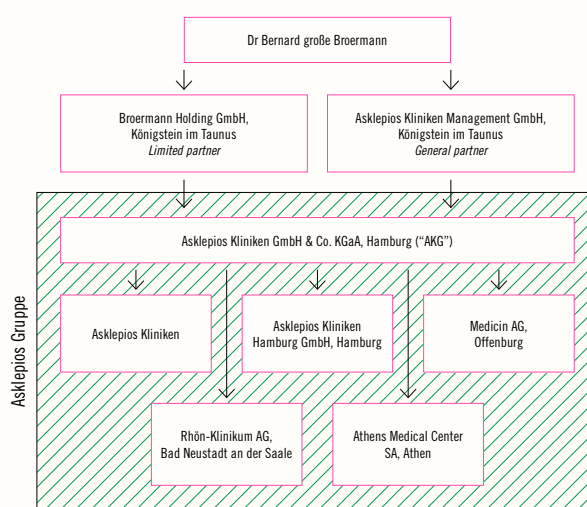
C. BASIS OF THE GROUP

1. BUSINESS MODEL OF THE GROUP

For almost 35 years, the healthcare group Asklepios has stood for quality, innovation and social responsibility. Its 160 healthcare facilities in 14 German states make the Asklepios Group one of the leading private hospital operators in Germany and allow for integrated treatment chains and the establishment of medical clusters. In the Group, we cover the entire range of medical care services: In addition to maximum, basic, standard and priority care, specialist hospitals with specific specialities operate far beyond their own regions. As an operator of rehabilitation clinics, we are able to guarantee full inpatient care from a single source and take top positions throughout Germany. Our patients find outpatient support in our medical centres.

The Group focuses on the non-cyclical acute market. Roughly 83% of the business volume related to acute care hospitals and 17% to the rehabilitation sector and other medical facilities. In total, the approximately 160 healthcare facilities treated 2,265,603 patients in the financial year (previous year: 2,282,421). The Asklepios Group employed 35,327 full-time equivalents in the past financial year (previous year: 35,097).

The structure of the Group as at 31 December 2018:



Asklepios Kliniken GmbH & Co. KGaA acts as the management company of the Asklepios Group. The operating entities Asklepios Kliniken, Asklepios Kliniken Hamburg GmbH and MediClin AG are fully consolidated subsidiaries. Rhön-Klinikum AG and Athens Medical Center SA are accounted for using the equity method. Asklepios Kliniken GmbH & Co. KGaA is responsible for the areas of Group development and strategy and financing as well as for monitoring, management and controlling functions. In addition, Asklepios is realising functional synergies, for example in the areas of accounting, taxes and controlling, financing, insurance, quality management, medicine and science, procurement, care and information technology. Standard intercompany agreements on the exchange of services and cooperation agreements have been entered into between the Group entities.

2. OBJECTIVES AND STRATEGIES

The goal of Asklepios is to grow sustainably in the 2019 financial year as well as to be able to operate flexibly in the changing healthcare market. Economic success is key to secure the more than 47,000 jobs and serves to ensure Asklepios' ongoing investment strength. The focus is on expanding standards of medical quality and care in the interests of our patients and the great responsibility for medical staff, nursing staff and administration staff. Asklepios is increasingly living up to this responsibility with healthcare and prevention programmes for staff in addition to individual options for achieving and maintaining work-life balance.

Asklepios is already responding to key future healthcare issues. The opportunities of digitisation to optimise internal processes are being identified and leveraged on a gradual basis. The great challenge of the demographic shortage in skilled workers, particularly in the care sector, is being actively addressed.

3. MANAGEMENT SYSTEM

The Asklepios Group is managed and controlled by its Group management, which is the responsibility of Asklepios Kliniken Management GmbH as the general partner. The other executive bodies of the company are the Supervisory Board, the Advisory Board and the Annual General Meeting. The Supervisory Board monitors and consults the management work by the general partner to the extent that this duty is not assigned to the Advisory Board. The Advisory Board is responsible for the consulting, controlling and monitoring of the management to the extent that these rights and duties are not assigned to the Supervisory Board or the Annual General Meeting. The Annual General Meeting adopts resolutions on the approval of the annual financial statements, official approval of the actions of the general partner and the Supervisory Board and the appropriation of profits.

Asklepios establishes a centralised organisational approach, transferring operational responsibility for achieving targets to the regional units, which also look after the patients in organisational terms. The organisational structure is based on the central functions of purchasing & supply, information technology, revenue management, architecture & construction, finance, financing, treasury & investor relations, medical law, insurance & compliance, human resources, care, and corporate communications & marketing.

In order to manage the Group's performance with regard to Asklepios' corporate targets, consolidated net profit and earnings after taxes (EAT) is used as a key performance indicator in the area of finance. This provides information on Asklepios' profitability. EAT describes the operating performance after capital expenditure expense and taxes and represents a significant control-related financial performance indicator.

Asklepios uses the equity ratio, which expresses the ratio of equity to total assets as a percentage, as another significant, control-related financial performance indicator. The equity ratio represents the share of equity in overall capital and is an indicator of financial and economic stability.

4. QUALITY MANAGEMENT, INNOVATION AND ENVIRONMENTAL ASPECTS

The number of cost weights is a significant non-financial performance indicator for Asklepios. The cost weight is a key figure used to bill medical services in hospitals. The cost weight is given for each diagnosis-related group (DRG) in combination with the case-mix index (index of the average severity of cases). Multiplying the cost weight by the base case value produces the amount that a health insurance fund has to pay to a hospital for a case such as this. This performance indicator provides Asklepios with important information on both case numbers and the assessment of quality.

Asklepios also uses year-on-year organic percentage growth to manage its own performance.

As part of the reporting system, these KPIs are aggregated at the level of the Group, prepared for individual facilities and monitored by management. We use planning and control processes to calculate these KPIs.

The internal audit as a management tool supports management in its control function by providing targeted, independent reviews. It includes regular monitoring of the proper functioning of the internal control system and of risk management.

Group management bears overall responsibility for the internal control and risk management system with regard to the financial reporting processes of the companies included and for the Group financial reporting process. All consolidated entities are included using defined management and reporting structures.

Hospitals have been legally obliged to publish structured quality reports on a regular basis since 2005. These reports should help to provide patients and insured parties with information. They also serve as a guide for doctors and allow hospitals to demonstrate their services and quality. The quality report therefore helps to provide information and create transparency in the area of hospital treatment. In addition to this statutory quality report, which is published by all Asklepios hospitals respectively, the results of clinical treatment of the entire Group were again published in a comprehensive, transparent and professional manner in the 2018 financial year and published as the "medical quality report 2017".

Asklepios regularly conducts internal quality inspections. 16 hygiene audits and 25 medical board audits were conducted by the Quality department in the acute care hospitals in 2018. Medical Board audits serve the purpose of examining whether a medical department is functioning properly, particularly with regard to adequate patient care. The focus is on the department's medical care processes and an external analysis of selected patient records by a trained specialist auditor from another Asklepios hospital. These audits include a critical analysis of whether the treatment is in line with the current scientific knowledge and is provided in accordance with guidelines. Audits of the Quality departments were conducted in particularly high-risk departments: 4 risk audits were conducted in emergency departments and 9 in obstetric departments.

In addition, Asklepios relies on a quality management system that is continuously reviewed and certified by external organisations. One such quality management system is DIN ISO 9001 or the Kooperation für Transparenz und Qualität im Gesundheitswesen (KTQ – Cooperation for Transparency and Quality in Healthcare). To obtain certification, patient care is reviewed in addition to other areas such as work organisation, training, safety and management. In 2018, 27 acute care hospitals in total were certified according to DIN ISO 9001 and 39 acute care hospitals were certified according to KTQ. In the rehab area, Asklepios now predominantly conducts certification according to IQMP-compact certification (Integrated Quality Management Program) (currently at 13 hospitals). Two rehab clinics are certified according to KTQ and two according to the "Medizinische Rehabilitation in geprüfter Qualität" (quality standards for medical rehabilitation). The company's headquarters in Hamburg are certified as part of a matrix certification for hospitals in Hamburg and are audited by an external organisation every year.

D. ECONOMIC REPORT

1. GENERAL ECONOMIC AND SECTOR-SPECIFIC CONDITIONS

General economic conditions

In its autumn forecast, the German government predicted growth in gross domestic product of 1.8% in the 2018 financial year and 2019. Asklepios does not expect any significant impact of macroeconomic development on the two financial years.¹

General sector conditions

The hospital sector remains an attractive growth market with non-cyclical, rising demand. Significant growth drivers are the increasing need for medical treatment, an ageing society, the growing number of chronically ill patients, medical developments and increased health awareness. In general, there has been an increase in demand for private and ancillary services, as well as for innovative products and therapies that patients pay for themselves.

Looking back, growth momentum has slowed nationwide; this is also reflected in the services, which – seen across all states – in the agreements have increased on average by only 1.1% compared to 2017. According to current hospital statistics published by the Federal Statistical Office, outpatient case numbers have fallen slightly by 0.5% in Germany compared to 2016; the average severity of the patients' illness has continued to rise.

In the 2018 financial year, outpatient services recorded stable development, the demand for inpatient hospital services provided by Asklepios decreased slightly. The development of performance varies at the two hospitals. Clear performance profiles result in an increasing demand for services. Significant increases in performance can currently be achieved on a regular basis through structural measures in the form of new specialist departments or building extensions.

Overall, the development in areas with typical age-related diseases such as cardiology, nutritional and metabolic diseases, pneumological diseases or diseases of the digestive system is rather positive. The development of performance in psychiatry is increasing slightly and stagnating at a high level. As a result of planning measures in the form of increasing the number of beds or establishing new day clinics, an increase in performance seems possible.

Legislators addressed several action areas in the past legislative period, such as the Krankenhausstrukturgesetz (KHSG – German Hospital Structure Act), the GKV-Versorgungsstärkungsgesetz (VSG – German Statutory Health Insurance Care Strengthening Act) and the E-Health-Gesetz (German e-Health Statutory Act) to support digitisation in healthcare. The central goal of the German Hospital Structure Act is to improve the quality of care, to optimise hospital structures to enhance efficiency, to reduce discounts as service quantity increases in order to cushion rising demand and to boost bedside care. The report states that more resources were made available for hospital care overall. The right to a second opinion to improve indication quality and to restrict rising service quantities was established more firmly.

The benchmark for the maximum increase in base rates at state level is the rate of change, which is 2.65% for 2019 (2018: 2.97%). At 1.96%, the target for 2019 published by the Federal Statistical Office on 28 September 2018 is below the 2019 basic wage rate of 2.65%. This dispenses with any need to negotiate a rate of change for 2019 in terms of the Krankenhausentgeltgesetz (KHEntgG – German Hospital Fees Act); this is in line with the basic wage rate of 2.65%.

A nursing care surcharge has been introduced from 2017 to subsidise nursing care. The amount of the nursing care surcharge is calculated annually for each hospital and is dependent on the costs for nursing staff. This involves calculating the share of the hospital's staff costs for care staff relative to the staff costs for care staff of all general hospitals, and this individual share for each hospital is applied to the total subsidies available nationwide of EUR 500 million per year.

¹ <https://www.tagesschau.de/wirtschaft/konjunkturprognose114> - Status 21.11.2018

The fixed cost depression discount has replaced the additional services discount as a service management instrument from 2017. Both the fixed cost depression discount negotiated at state level (35%) and the cap on the higher discount at local level (50%) were set by law for 2017 and 2018. The higher discount applies both to additional services with a higher fixed cost depression and to additional services where there is already a high level of economically justified quantity increases. The fixed cost depression discount must not exceed the cap of 50% in 2017 or 2018.

The hygiene programme, which has partially funded the cost increases necessitated by the provisions of the Infection Prevention Act since 2013, has become established procedure following various arbitration rulings and legislative changes. However, its share of the total budget is small at 0.1%. Based on the provisions of the German Hospital Structure Act (KHSG), it will be continued beyond 2016 until 2019, and in some areas until 2022, in order to support training of additional hygiene employees; only the funding for doctors responsible for hygiene management is being dropped, but this accounts for the largest share of the total funding.

The care home programme, which was foreseen for 2016 to 2018 to subsidise additional care settings, will be extended until 2019. The previous restrictions, 90% subsidy and a limit on the number of eligible full-time employees, have been completely eliminated. From 2020, all costs for care will be outsourced from DRG remuneration and the hospitals will receive 100% compensation in the form of a care budget. From 2019, there will be lower staff thresholds for selected departments that must be complied with for care. For geriatrics, cardiology, traumatology and intensive care, lower limits have been set for 2019 by the Federal Ministry of Health; neurology and cardiac surgery will be included from 2019.

E. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

1. BUSINESS PERFORMANCE AND RESULTS OF OPERATIONS

	2018		2017	
	EUR million	%	EUR million	%
Revenue	3,407.9	100.0	3,261.9	100.0
Other operating income	235.8	6.9	240.4	7.4
Cost of materials	-724.3	-21.3	-706.1	-21.6
Staff costs	-2,167.4	-63.6	-2,067.5	-63.4
Other operating expenses (not including rental expenditure)	-295.3	-8.7	-275.6	-8.4
EBITDAR	456.7	13.4	453.1	13.9
Rental expenditure	-59.1	-1.7	-56.7	-1.7
EBITDA	397.6	11.7	396.4	12.2
Depreciation, amortisation and impairment	-153.4	-4.5	-139.7	-4.3
EBIT	244.2	7.2	256.7	7.9
Net investment income	10.4	0.3	6.4	0.2
Net interest income	-38.6	-1.1	-24.0	-0.7
Income taxes	-45.0	-1.3	-45.0	-1.4
Consolidated net profit (EAT)	171.1	5.0	194.1	6.0

The Asklepios Group generated revenue of EUR 3,407.9 million in the financial year (previous year: EUR 3,261.9 million), thus achieving marginal revenue growth of 4.5%. This growth was predominantly organic. We are therefore at the upper end of the revenue increase of 1.5% to 2.0% forecast in the previous year. 82.7% (previous year: 83.6%) of revenue was generated in acute care hospitals, 16.3% (previous year: 15.5%) in rehabilitation clinics and 1.0% (previous year 0.9%) in social welfare facilities and other facilities.

Other operating income of EUR 235.8 million (previous year: EUR 240.4 million) includes income from additional services, rental and leasing, insurance claims, income from granting rights of use and income from clinical studies and research projects.

Development of case numbers	2018	2017	Absolute Change	Relative Change
No. of inpatient cases	675,226	693,078	-17,852	-2.6%
No. of outpatient cases	1,590,377	1,589,343	+1,034	+0.1%
Number of patients	2,265,603	2,282,421	-16,818	-0.7%
Number of cost weights	567,271	587,240	-19,969	-3.4%
Number of beds	26,651	26,704	-53	-0.2%

A total of 2,265,603 patients visited the Asklepios Group's facilities in the 2018 financial year. Development was down slightly (2,282,421 patients) on the previous year. The number of outpatient cases was down on the same period of the previous year at 675,226 (previous year: 693,078). Outpatient case numbers were stable (31 December 2018: 1,590,377, 31 December 2017 1,589,343). The number of cost weights decreased to 567,271 (previous year: 587,240). As a non-financial performance indicator, cost weights were therefore lower than our forecast as at 31 December 2018. Average inpatient care case income rose from EUR 4,221.8 to EUR 4,532.8 (up +7.4%).

Asklepios concluded pay negotiations for close to 50% of its hospital locations in the 2018 financial year. At clinics for which no agreement has been reached with providers of social services, the fixed cost depression discount introduced in 2017; additional service discounts from 2016 were also maintained where agreements had not yet been reached in negotiations with payers. This negative price effect affected growth in our performance.

The individual ratios of cost and earnings to revenue developed as follows:

	2018	2017
	%	%
Cost of materials ratio	21.3	21.6
Staff costs ratio	21.3	63.4
Other expenses ratio (not including rental expenditure)	63.6	8.4
Rental expense ratio	8.7	1.7
EBITDA	1.7	12.2
Depreciation and amortisation expense ratio	11.7	4.3
EBIT	4.5	7.9
EAT	7.2	6.0

The absolute cost of materials rose at a slower rate than revenue, increasing by EUR 18.2 million from EUR 706.1 million to EUR 724.3 million. The cost of materials ratio changed by 0.3 percentage points year-on-year to 21.3% (previous year: 21.6%).

Absolute staff costs were influenced by non-recurring effects at our sub-group MediClin AG of approximately EUR 7.5 million and climbed by EUR 99.9 million to EUR 2,167.4 million. The staff costs ratio rose slightly as a result from 63.4% to 63.6%. The 0.7% increase in the Group's headcount also impacted staff costs.

Other operating expenses (not including rental expenses) rose by EUR 19.7 million or 7.1% to EUR 295.3 million (previous year: EUR 275.6 million). The increase resulted in particular from higher maintenance costs, advertising and travel expenses and consulting and auditing costs. The ratio was 8.7% (previous year: 8.4%).

The development in rental expenses as a percentage of revenue was in line with the previous year at 1.7%.

Operating EBITDA was stable in the financial year and, at EUR 397.6 million, slightly higher than in the previous year (EUR 396.4 million). The margin was 11.7% in the 2018 financial year (previous year: 12.2%). A key financial performance indicator, EBITDA is in line with the forecast set out below in the consolidated financial statements as at 31 December 2017. As at the 2018 financial year, Asklepios will use the consolidated net profit (EAT) as a key performance indicator to manage its operating performance.

The depreciation and amortisation expense ratio was 4.5% in the past financial year and thus slightly higher than the previous year's level (4.3%). This is due to the sustained high level of investments made in previous years.

The EBIT of EUR 244.2 million generated in 2018 meant a margin of 7.2% (previous year: EUR 256.7 million and 7.9%).

Net investment income was up 50.0% year-on-year at EUR 10.4 million (previous year: EUR 6.4 million).

Negative net interest income amounted to EUR 38.6 million (previous year: EUR 24.0 million). Interest income decreased to EUR 0.8 million (previous year: EUR 3.5 million). Owing in particular to the *Schuldschein* issued in November 2017, interest expenses rose by EUR 11.9 million to EUR 39.4 million (previous year: EUR 27.5 million).

At EUR 45.0 million, net interest income was in line with the previous year (EUR 45.0 million).

Overall, consolidated net profit dropped from EUR 194.1 million to EUR 171.1 million in the period under review. In the 2018 financial year, the return on sales totalled 5.0% (previous year: 6.0%).

2. OVERALL MANAGEMENT STATEMENT

Asklepios had an economically solid but challenging financial year overall. The stable development in patient numbers, with higher average care case income, had a positive impact on revenue. Staff costs were influenced by non-recurring effects at our sub-group MediClin AG of approximately EUR 7.5 million. The increase in staff numbers also had a slightly impact on earnings. The ratio of materials to revenue was reduced by various measures. The development between rising costs as a result of our healthcare facilities' additional services at the same time as capped remuneration for the services provided remained challenging in the 2018 financial year as well.

At EUR 397.6 million, EBITDA was slightly higher than in the previous year (EUR 396.4 million), while the margin was 11.7% (previous year: 12.2%). Revenue rose by 4.5% from EUR 3,261.9 million to EUR 3,407.9 million and results largely from organic growth. Revenue performance was above our forecast for the financial year – organic revenue growth of between 1.5% and 2.0%. Contrary to our forecast, the equity ratio increased to 36.9% (31 December 2017: 34.4%). At 567,271 (previous year: cost weights 587,240) the number of cost weights was lower than our forecast as at 31 December 2017.

3. FINANCIAL POSITION AND NET ASSETS

As a conservative company in terms of finance, the Group's financing structure is long-term in nature.

In addition to cash funds of EUR 351.6 million, the Group has unutilised credit facilities of around EUR 450.7 million (previous year: EUR 461.1 million) at its disposal. The high internal financing power and the relatively moderate level of net debt protect the Group from further financial market risks.

Financial liabilities amounted to EUR 1,378.7 million (previous year: EUR 1,486.9 million). The financial liabilities essentially comprise the 2013 and 2015 schuldschein loan agreements and the schuldschein with a volume of EUR 780.0 million issued on 6 November 2017.

The gearing ratio – measured as net debt/EBITDA – increased as a result of the schuldschein issue. According to internal guidelines, this ratio must not exceed 3.5x. The following table illustrates how this performance indicator was calculated in the period under review:

EUR million	2018	2017
Financial liabilities	1,378.7	1,486.9
Cash and cash equivalents	351.6	612.3
Net debt EBITDA LTM	1,027.1	874.6
EBITDA	397.6	396.4
Net debt/EBITDA	2.6x	2.2x

Net debt amounts to 2.6x (previous year: 2.2x), and is therefore in line with our internal guidelines. The interest coverage factor (EBITDA/net interest income) is 10.3x (previous year: 16.5x).

Summarised statement of financial position	2018		2017	
	EUR million	%	EUR million	%
Non-current assets	2,921.1	72.1	2,780.5	67.6
Current assets	1,129.1	27.9	1,332.5	32.4
ASSETS	4,050.3	100.0	4,113.0	100.0
Equity	1,494.5	36.9	1,416.6	34.4
Non-current liabilities and provisions	1,938.2	47.9	1,956.3	47.6
Current liabilities and provisions	617.6	15.2	740.2	18.0
EQUITY AND LIABILITIES	4,050.3	100.0	4,113.0	100.0

The Group's accounting and financing structures are sound. As in the previous year, non-current assets are financed at a rate of over 100% with matching maturities by equity or long-term borrowings. Total assets decreased from EUR 4,113.0 million in the previous year to EUR 4,050.3 million.

Non-current assets increased by EUR 140.6 million year-on-year to EUR 2,921.1 million. This item includes equity investments in non-consolidated companies.

Equity amounted to EUR 1,494.5 million and was thus slightly above its level as at 31 December 2017 (EUR 1,416.6 million). As at 31 December 2018, the equity ratio increased to 36.9%

(31 December 2017: 34.4%). Asklepios has permanent interest-free and redemption-free access to subsidies of approximately EUR 1,195.0 million (31 December 2017: EUR 1,194.7 million). As these subsidies will fall due for repayment only in the hypothetical event of no longer being included in the hospital plan, these funds are in effect similar to equity.

Days sales outstanding (receivables turnover rate - trade receivables x 365 days/revenue) are at a relatively high level of 55.9 days (previous year: 56.0 days), partly on account of changes in the billing procedures used by payers and short-term migration effects. Adjusted for MDK provisions, DSO were 52.6 days (previous year: 50.5 days).

Non-current liabilities amounted to EUR 1,938.2 million (31 December 2017: EUR 1,956.3 million). These comprise pension provisions, other non-current provisions, financial liabilities and other liabilities due in more than one year and deferred taxes. Non-current financial liabilities include the schuldschein loan agreement of EUR 780 million issued in the financial year alongside the 2013 and 2015 schuldschein loan agreements.

In addition to cash funds of EUR 351.6 million, the Group has unutilised credit facilities of EUR 450.7 million. The Group thus has financial reserves available at short notice of EUR 802.3 million.

Internal financing capability is still at a good level. The cash flow from operating activities was influenced by the EBITDA of EUR 397.6 million (previous year: EUR 396.4 million) and the health insurance funds' payment performance. Capital expenditure on equipment and new buildings for our hospitals was financed by cash flow from operating activities.

The following table shows the change in cash funds over the course of the year:

EUR million	2018	2017
EBITDA	397.6	396.4
Net cash from operating activities	299.9	289.3
Net cash used in investing activities	-409.4	-445.3
Net cash from/used in financing activities	-151.2	548.0
Change in cash and cash equivalents	-260.7	392.0
Cash and cash equivalents on 1 January	612.3	220.1
Change in cash and cash equivalents due to changes in basis of consolidation	0.0	0.2
Cash and cash equivalents on 31 December	351.6	612.3

In 2018, cash and cash equivalents changed by EUR -260.7 million to EUR 351.6 million. The cash flow from operating activities amounted to EUR 299.9 million (previous year: EUR 289.3 million).

The operating cash flow is offset by cash flow from investing activities of EUR 409.4 million (previous year: EUR 445.3 million). Payments for investing activities of EUR 409.4 million essentially comprise investments in non-current assets and financial assets.

Financing activities resulted in a cash outflow of EUR -151.2 million (previous year: inflow of EUR 548.0 million). The year-on-year change is attributable to the schuldscheindarlehen loan agreements of EUR 780 million issued in November 2017.

4. CAPITAL EXPENDITURE

Investments in our healthcare facilities on a regular basis are the footing for long-term healthy growth. Since the state investment subsidy does not cover the entire investment requirements of modern hospitals, the difference is financed from the Group's own funds. Asklepios is able, thanks to its internal financing power, to compensate for the loss of subsidies. Forward-looking business transactions and a stable cash flow also enable the Asklepios Group to use its own funds averaging 7% – 9% of revenue for maintenance and capital expenditure in the 2018 financial year. As anticipated, 73.6% of the internal financing ratio continued to rise (previous year: 70.9%).

Capital expenditure was as follows in the 2018 financial year:

	Capital expenditure in 2018		
	Total in EUR million	Of which subsidised	Internal financing ratio
Intangible assets	37.7	0.9	97.6%
Land and buildings	44.4	13.2	70.3%
Technical equipment	16.1	7.1	55.9%
Operating and office equipment	86.3	30.5	64.7%
Assets under construction	157.4	38.6	75.5%
Total	341.9	90.3	73.6%

The majority of capital expenditure in the financial year related to the following locations:

Location	Capital expenditure EUR million
Klinik Harburg (Hamburg)	9.3
Klinik Langen	9.1
Blomenburg Holding	8.1
Klinik Wandsbek (Hamburg)	7.5
Klinik Nord (Hamburg)	7.0
MVZ Bayern	5.0
Fachklinikum Brandenburg	4.6
Klinik St. Georg (Hamburg)	4.6
Klinik Weißenfels-Hohemölsen	4.2
Klinik Parchim	4.1

After deducting subsidised capital expenditure, net capital expenditure amounted to EUR 251.6 million (previous year: EUR 195.6 million) and 7.4% of revenue (previous year: 6.0%). Capital expenditure is fully financed by cash flow from operating activities. Without deducting subsidies, capital expenditure amounted to EUR 341.9 million (previous year EUR 275.7 million). At EUR 103.6 million in total, expenses for maintenance and servicing were up as against the previous year (EUR 97.3 million). Expressed as a percentage of revenue, 3.0% was invested in ongoing maintenance (previous year: 2.9%). This means that Asklepios used 10.4% (previous year: 8.9%) of revenue for internally financed capital expenditure and maintenance work.

F. FORECAST AND REPORT ON RISKS AND OPPORTUNITIES

1. FORECAST

Asklepios anticipates revenue growth and stable economic development in 2019. The Group is able to make sustainable investments in its healthcare facilities and to secure the supply contract. Asklepios is making investments on a regular basis in buildings and medical-technical equipment at all locations. The share of own funds will also be at a consistently high level in 2019. Training its employees is a high priority for Asklepios on a long-term basis.

Overall management statement

Our business goals for 2019 include organic revenue growth in a range of around 2.5% to 3.0% and a slight but sustainable increase in EAT as against the previous year. However, Asklepios expects earnings margins to develop as a result of the Pflegepersonaluntergrenzen (PpUGV – German regulation for the threshold for nursing staff) in hospital departments where intensive nursing care is provided. On the basis of these targets, the development in our equity ratio will remain stable in the 2019 financial year compared to the previous year. In addition to financial figures, we also take account of the number of cost weights as a nonfinancial performance indicator when managing the company. We expect a stable development compared to the previous year.

2. RISKS AND OPPORTUNITIES

a) Risk and opportunity management report

Asklepios is exposed to a range of challenges and risks, especially locally, due to dynamic growth, the complexity of business interrelations, high regulatory requirements, constant scientific, medical and technological progress, the demand for greater efficiency and effectiveness and the increasing demands of our patients. Systematic recognition of risks and opportunities in equal measure enables the Group to ensure long-term economic success, satisfy our patients' requirements and secure our employees' jobs. The rapidly changing health policy, structural, social and economic conditions must be identified and managed. Managing the associated risks and opportunities is an ongoing challenge and an important element of managing the hospitals and the Group. Risk management is firmly established at Asklepios and both satisfies and exceeds legal requirements.

Risk and opportunity management system process

- › The risk management system (system, responsibilities, structure, formal processes, integration and automation) is characterised by a strong degree of professionalisation and institutionalisation. The homogeneous risk assessment structures are uniformly supported by standardised, automated procedures throughout the Group. Risk management is therefore not just practiced operationally, but also used as an instrument for strategic management. The structures established in this way allow for a comprehensive risk management approach as a result of the combined risk assessment comprising both bottom-up and top-down approaches. This facilitates not only early detection of risks, but also early identification of opportunities. The risk and opportunity management system is rounded off by systematic measures management which forms the basis for the effective and efficient management of risks and opportunities. These processes receive technical support from appropriate risk management software to which all affected reporting units are connected. The effectiveness and efficiency of risk management is strengthened by the institution of the strategic risk management committee. The strategic risk committee forms an essential pillar of the risk and opportunity system.

- › The aim of the risk and opportunity management process is to enable the early identification, assessment and management of risks and opportunities that have a significant influence on the achievement of targets at hospital and Group level. To this end, a standardised process was established that allows close integration of elements of the bottom-up and top-down approach. In addition to regular reporting (e.g. financial reporting, reports on the quality of medical care), risks and opportunities are usually reported on a quarterly basis at the level of the hospitals (and Group departments), the subgroups and the Group as a whole. An ad hoc reporting process has been established in order to escalate very critical issues. Risks and opportunities are always viewed in terms of the current financial year. This view constitutes a combination and aggregation of quantitative factors (probability of occurrence, effect on the achievement of planned EBITDA or on liquidity) and qualitative factors (e.g. information from supplementary reporting). In cooperation with the local risk managers and possibly also technical experts (known as risk sponsors), the risk officers – usually the managers in the hospitals and the heads of the Group departments – carry out the bottom-up elements for identifying and evaluating risks and opportunities. Based on the information gathered, corresponding risk management strategies and opportunity-taking strategies are developed and backed up with specific measures. Risks are categorised according to their potential adverse effects from the hospitals' perspective as "acceptable", "requiring monitoring", "requiring action", or "very critical". Opportunities are allocated to one of four opportunity categories from "low expectations" to "very high expectations".
- › Risks that are categorised as at least requiring action in the bottom-up process are examined again by Group management as part of the top-down approach. This procedure enables early support for reporting units by means of central measures. This allows for systematic management of risks and opportunities. Identified and documented risks and opportunities are monitored continuously with regard to their development. This monitoring includes tracking the risk and opportunity measures resolved in terms of their risk mitigation effect (effectiveness) and their cost and implementation status (efficiency). In addition, the Strategic Risk Management Committee analyses long-term developments early on to identify and assess their risk and opportunity potential for the company and to resolve appropriate action options.

Internal control system with regard to the Group financial reporting process

With regard to the financial reporting processes of the companies included and the Group financial reporting process, we consider those aspects of the internal control and risk management system that have a material influence on Group accounting and the overall view conveyed by the consolidated financial statements and Group management report to be significant. These are the following aspects in particular:

- › Identification of major areas of risk and aspects to be monitored that are relevant to the Group-wide financial reporting process;
- › Monitoring of the Group-wide financial reporting processes and examination of the results at the level of management and at the level of the entities included in the consolidated financial statements;
- › Controls in the finance and accounting of the Group and the individual consolidated companies, and in operating business processes that which generate the key figures for the preparation of the consolidated financial statements and Group management report, including the separation of functions for predefined approval processes in the relevant areas;
- › Measures to ensure the proper computerised processing of content and data relating to Group financial reporting.

b) Risks

Risks are categorised in line with the assessment at local (hospital) level according to their potential adverse effects on Asklepios from the Group's perspective as "acceptable", "requiring monitoring", "requiring action", or "very critical". There were no risks requiring action or very critical risks in the period under review. Risk areas with a medium risk assessment are outlined below; the order in which they are presented reflects the current estimate of the relative degree of risk for Asklepios.

IT risks

Asklepios is dependent on a functional IT structure. The successful course of treatment of a patient (from admission through diagnosis and treatment to documentation) depends to a large extent on an integrated IT system. Basic IT procedures and the configuration of the data centre are significant in this connection. There is high potential for standardisation and room for improvement in relation to the controls for monitoring IT processes. In this context, risk management in the IT department is being continuously developed. Disruptions in IT integration and infrastructure or in related processes can have a corresponding impact on the net assets, financial position and results of operations.

The general IT risk situation was heightened on account of a global increase in cyber-attacks in the past few years. In order to appropriately counter this development, Asklepios has taken measures to further improve IT security and continue successfully defending against possible cyber-attacks moving ahead. The data centre is certified according to privacy and data security standards, and also performs independent internal and external audit penetration tests that highlight the effectiveness of our security measures.

Income, documentation and budget risks

The high level of state regulation means that Asklepios is exposed to risks in the day-to-day documentation and billing of cases and in the medium-term development of revenue budgets. This currently applies not only to the fact that the health insurance funds are slower to pay but primarily to details of budgetary law, such as differing opinions on case specifications and remuneration; pending arbitration proceedings, where in some cases the outcome is impossible to predict; delayed budget negotiations; and potential changes to budgetary law and the supplementary billing regulations. The risks named could cause the results of operations, financial position and net assets to deteriorate.

The size of the Group, its available knowledge and its available data sets mean that it has the opportunity to define standards and to provide effective support to the clinics locally in the implementation of the above issues. In the area of handling sensitive services, which also generally represent public authority tasks, there is generally an inherent risk that the private sector may be pushed back. A decline in processed contracts would entail a loss of revenue, whereas the effect on EAT depends on the product area concerned. With all other things remaining the same, the demographic development forecast in some areas can lead to decreasing case numbers and revenue.

Personnel risks

On the healthcare market, there are always HR risks that can lead to a deterioration of the results of operations, financial position and net assets. The introduction of the Pflegepersonaluntergrenzen (PpUGV – German regulation for the threshold for nursing staff is a key challenge for the entire healthcare market. The most significant individual risks include the lack of qualified staff, the migration of key personnel and the development of personnel costs.

Asklepios uses extensive centralised and decentralised recruitment measures and personnel development programmes to meet the requirements of the regulation for the threshold for nursing staff and to prevent the risk of a shortage of staff. Asklepios proactively counters the risk of not having sufficient qualified personnel both centrally and locally by means of extensive recruiting campaigns and personnel development programmes. The Group provides Asklepios employees with the kind of opportunities that would not be possible in smaller structures. In addition, training and education of specialist and service staff are a high priority for us. By ensuring optimal training of our employees, we guarantee high innovation potential and forward-looking processes,

not just in the field of first-class medicine, but also in relation to our business activities. In addition, we implement targeted staff retention measures in order to get qualified and motivated employees enthusiastic about Asklepios in the long term. We can thus systematically prevent a lack of qualified staff. Using this approach, we fulfil both our economic and our social responsibility and strengthen our brand.

The trend in staff costs is heavily dependent on changes to the collective agreements governing staff wages. To reduce external dependency and to allow for the option of actively shaping future developments, the Group has significantly reduced the risks by using more flexible company agreements adopted to fit local circumstances and other alternative remuneration models. These models are reviewed by the relevant Group departments before the agreements are entered into. The Group's goal is to agree the longest possible terms in collective bargaining in order to achieve sufficient planning certainty. In view of the negotiated staff cost increases that are still to be expected, Asklepios is paying particular attention to the required staffing levels of hospitals.

Financing and liquidity risks

The Group is subject to capital market risks. The management of short-term liquidity risks and longer-term financing risks is the central responsibility of the Finance department, which uses a treasury system for this purpose with a focus on efficient management of current cash funds. As a financially conservative company, and on the basis of the investment terms of the assets, Asklepios' financing strategy is long-term in nature and contains manageable short-term refinancing risks. The high levels of cash funds, the constant cash flow, favourable capital structure (low level of debt), broad diversification of financing partners, access to the capital market and extensive unutilised lines of credit show that we are largely independent of general developments on the capital markets and ensure that we have full financial freedom of action, including for growth through acquisitions. The profitability and credit structure was negatively affected in part by the acquisition of MediClin Aktiengesellschaft and the accompanying rental and financing structure. The majority of financial liabilities is hedged by fixed interest rate agreements.

Credit and counterparty risks

These risks arise if a customer or another counterparty to a financial instrument fails to meet its contractual obligations in terms of due dates and del credere. Asklepios is exposed to only a low level of risk from an unexpected loss of cash or income. There is a low level of risk of default on account of a large portion of debtors consisting of German statutory health insurance funds, complemented by a smaller portion of public social security authorities and private patients. By contrast, the risk of late payment on trade receivables, and thus the risk of an increase in capital being tied up in current assets, can be considered medium. The investment policy on the assets side is conservative and involves broad diversification. The investment counterparties are banks belonging to deposit protection systems. Investments are also monitored continuously via investment controlling. The company reacts with measures to correct any differences compared to its expected targets.

Construction risks

On account of the extensive construction work, the Group is exposed to risks from business interruptions and delays in construction work with revenue losses and cost overruns in the budgeted construction work. The measures to reduce these risks include the provision of a high level of expertise within the Group with regard to construction planning and implementation, working if at all possible with standardised instructions and equipment, and the Group's own staff to monitor the construction work allowing an immediate response to any problems that may arise. For the construction and extension of buildings and the furnishing and equipment of our hospitals, we utilise third-party services alongside internal ones. These services can cause delivery problems in the supply chains and also quality deficits. We therefore base purchasing decisions and procurement on careful and continuous monitoring of all our suppliers and the entire market in order to limit these risks efficiently.

Performance risks

With regard to performance, the statutory regulation of the remuneration system is proving challenging. Performance increases are remunerated with price reductions of up to 165%; budget shortfalls can also entail reduction risks. In terms of cost development, we face steadily rising costs, especially staff costs and material expenses, which can be higher than growth due to performance increases. Adequately accounting for resulting income and cost risks is therefore one of the primary tasks of management in order to deal with the gap between income and cost increases that has been widening for years.

The examination procedure agreement for examinations by the MDK was concluded in July 2014. At present, the German Hospital Federation (DKG) and the GKV have yet to issue joint guidance on the interpretation of the examination procedure agreement, meaning that uncertainties concerning the agreed procedure will remain. While it is assumed that the examination procedure will be accelerated, our view is that retrospective coding and, in particular, recoding within the examination procedure will be significantly impaired, while the previous flat-rate expenses of the health insurance funds for unsuccessful MDK examinations at hospitals will become less important. The agreement was terminated by the DKG as at 31 December 2015 in June 2015. A follow-up agreement for 2016 onwards that, overall, contains improvements benefiting hospitals, was signed in 2015. The main elements took effect as at 1 October 2016 and 1 January 2017 and required extensive IT changes beforehand. The transition to a flat-rate fee system for psychiatric and psychosomatic facilities (PEPP) in stationary acute care will also have an impact on our results of operations. The transition to PEPP is intended to be mandatory from 2018 but is designed to be budget-neutral until 2019. We are currently adjusting our internal processes to reflect these new requirements. The precise impact on our results of operations is expected to be low, although the corresponding empirical data will become more stable over the coming months and years. Other risks include delays in the completion of patient records and the implementation of case coding.

This hinders the release of tied-up capital and thus the increase of financing flexibility. There are also process risks in new business models like the billing of medical service centres.

Investment risks

Asklepios understands investment risks as the risk that unimplemented or unprofitable investments result in an ageing infrastructure or one that is not fit for purpose and prevent the utilisation of new market potential. As a result, income targets could be missed (because, for example, use permits), market share could be lost to competitors and there is the risk of penalties if purchase contract obligations are not fulfilled. Here, the management observes constantly decreasing subsidy ratios, with corresponding consequences for investing activities. Asklepios is not dependent on the development of subsidies to the same extent as the majority of the competition thanks to its relatively high internal financing power.

We purposefully use our financial strength for a high proportion of proprietary investments in the hospitals. This increases the attractiveness of our facilities and in large measure supports sustainable organic growth. At the same time, investments improve efficiency and result in lower consequential costs. For the construction and extension of buildings and the furnishing and equipment of our hospitals, we utilise third-party services alongside internal ones. These services can cause delivery problems in the supply chains and also quality deficits. We therefore base purchasing decisions, procurement and project implementation on careful and continuous monitoring of all our construction projects, our suppliers and the entire market in order to limit these risks efficiently. In order to meet its own standard of first-class medicine, the Group makes substantial investments in the hospitals at the individual locations. However, investments in our hospitals are being financed with an ever smaller proportion of subsidies, meaning that the subsidy ratio of the federal states is declining. This results in a risk of decreasing cash flow that has to be compensated by efficiency measures in operating business.

Risks from competition

There are numerous competitors operating in the healthcare sector at local and regional level. This is a risk that the activities of existing competitors or the entrance of new competitors will have a negative impact on our market share. The potential misjudgement of important trends at all market levels can also lead to negative revenue performance. We counter these risks with comprehensive analyses of the competitive situation, the technological and regulatory trends and the general market environment. The continuous improvement of our internal processes enables us to keep the quality of our service provision at the highest level and to continuously optimise it by exploiting new developments.

Reputation risks

As one of the largest providers of healthcare services in Germany, our offering is subject to a great deal of public scrutiny. Our aim is to maintain the trust in Asklepios and the Group's reputation and to be permanently open to coverage in all media. At the same time, we cannot rule out the possibility that negative press reports, e.g. on public television, or incriminatory accounts by our employees at some locations that we do not consider to fully reflect the true nature of conditions in our hospitals will damage our public perception and hence represent a risk to our reputation. We will counter these risks by providing comprehensive information to the public and involving it in our strategies, conducting image campaigns and offering ample dialogue.

Liability and legal risks

Risks arising from legal disputes are continually identified, evaluated and communicated within the Group and its companies. In addition, the Group is involved in various legal disputes resulting from its operating activity. It is impossible to predict the outcome of these disputes; nevertheless Asklepios expects no material impact on the net assets, financial position and results of operations from the proceedings currently pending. In liability cases, impairment of results of operations, financial position and net assets cannot be ruled out despite all existing precautions. In addition, there is a potential liability risk if subsidiaries are used for something other than their intended purpose. It therefore cannot be ruled out that certain procedures could require adjustment in future despite having been reviewed by the relevant Group departments. We are insured against claims from our patients, which are not completely avoidable, using our own insurance model with an appropriate externally arranged deductible. This allows us to partially respond to the steadily rising insurance premiums of external insurers throughout the market, to increase the Group's liquidity and process claim notifications in the interest of patients and the Group itself while also taking account of the increasing claims from overwhelmingly isolated cases in risk management. In addition to patients' willingness to take legal action, there is a risk of frequent recourse claims by payers. Steadily rising premiums are being observed throughout the market for property insurance, particularly due to unfavourable loss ratios in the construction sector. This correlates with the significant rise in our property insurance expenses. Our internal insurance unit actively observes the markets, develops measures aimed at minimising the number and amount of claims where possible, and uses targeted insurance management to control insurability by way of deductibles and premiums.

Our goal is to offer modern medical services that are geared towards proximity to the patient. This is supported by cooperation within the Group and targeted network building, with a focus on establishing care structures that are as comprehensive as possible. The Asklepios strategy, which includes targeted offerings in high-demand medical fields, will also contribute to generating above-average growth in future. Sales risks in the healthcare market can nevertheless arise in the areas where location changes have to be made or the quality assessment by patients and referring doctors is lower than for other hospitals in the market. At the same time, we are aware that risks can arise from our patients' treatment processes due to unexpected disruptions. We have taken account of liability and legal risks requiring recognition that we are aware of by setting aside provisions. To cover the potential risk, Asklepios uses liability insurance policies, mostly with deductibles. Appropriate provisions are recognised or adjusted for the deductibles. We are not currently involved in any litigation or defending any claims that could result in major changes to the results of operations.

Hygiene and infection risks

Potential hygiene and infection risks are countered by way of appropriate hygiene management concepts, structured workflows and processes and continuous employee training. Our methods take adequate account of hygiene needs and requirements, while the process evaluations and improvements forming part of the quality management processes contribute to the further improvement of our workflow quality and efficiency.

Quality risks

The quality of treatment is an important factor for our operating activities. Here, Asklepios uses a self-developed quality indicator programme to monitor results. Known as the Asklepios quality monitor, it highlights compliance with all quality indicators throughout the Group. The system has settings that enable immediate detection of even the smallest changes and implementation of quality management programmes. We minimise these operating risks firstly by maximising the quality of treatment that we ensure with our well educated and continually trained staff as part of our predefined courses of treatment. Secondly, our modern hospitals guarantee high-level care in terms of quality and technology. Furthermore, our clinical risk management (e.g. CIRS) and structured quality management ensure that we possess adequate preventive systems that we can use to identify potential sources of errors and to increase quality standards and the safety and efficiency of our processes. This ultimately allows us to achieve a permanent improvement in patient safety in addition to treatment and process quality.

Asklepios counters this efficiency competition with target planning for the individual clinics in order to provide proof that the medical services on offer are in line with demand. Competition on quality is countered by the high quality of treatment. This is the basis for gaining patients' trust in the work of our clinics, while at the same ensuring that operating and litigation risks are minimised.

Risks from acquisition and integration

Risks can arise from the integration of acquired hospitals and facilities. Our task is to integrate the processes and the infrastructure of the acquired company in our Group as rapidly as possible. To do so, we harmonise processes and logistical procedures. The loss of important managers as part of the integration and careless and inadequate due diligence processes could be critical. We try to minimise risks of acquisition by using the transaction expertise that has built up in the Group over the years and the associated people and methods.

Compliance risks

Compliance risk refers to the lack of legal and organisational compliance with all laws and standards applicable to Asklepios. Owing to the diversity of regulations, there is a risk that requirements are not being complied with deliberately or as a result of negligence. This is associated with legal and economic risks for Asklepios. This can result in penalties, compensation claims, or an occupational ban for medical staff. Appropriate measures, for example enhanced regulations and controls, are in development. A formal compliance management system is being set up.

Governance risks

In rapidly growing groups of Asklepios' size, there is the risk that structures for Group management and the establishment of control systems (e.g. dual control) are not appropriately effective or first need to be established.

c) Opportunities

Opportunities are allocated in line with the assessment at local (hospital) level according to their potential positive effects on Asklepios from the Group's perspective to one of four opportunity categories from "low expectations" to "very high expectations". Opportunity areas are outlined below; the order in which they are presented reflects the current estimate of the relative expectation for Asklepios.

Opportunities from financial activities

Our broad financing mix and high equity ratio enable us to achieve long-term financing security while responding flexibly to beneficial financing opportunities. In addition, our capital resources make us a popular partner on the capital market, so we are able to benefit from favourable refinancing terms. In addition to general corporate and growth financing, this allows us to reach the capital strength necessary in order to take opportunities quickly.

Strategic opportunities

These comprise all opportunities arising in the long term from global trends and developments. Investment projects, acquisitions, strengthening the brand and entering new business areas count towards this category. We are continuously monitoring the hospital market in Germany and abroad. Our many years of experience in the acquisition and integration of hospitals into the Asklepios Group enable us to identify and make use of investment opportunities and potential for strategic acquisitions at an early stage. By expanding existing hospitals and enhancing the available service range, we are selectively strengthening the Asklepios brand among patients and employees.

Opportunities from operating activities

Opportunities from operating activities include in particular opportunities to enhance the billing process and increase income. They also include opportunities to further improve medical quality by using new processes and technologies and educating our staff. The ongoing development and implementation of cost reduction activities in the context of generated Group-wide synergies enables us to continuously improve our cost situation compared to the competition and to keep medical performance at a constantly high level. Thanks to our favourable cost structures and above average competence in the area of DRG revenue management, we are well positioned to transform the change process into an additional competitive edge. Membership in the hospital network "Wir für Gesundheit" gives Asklepios the chance to continue establishing itself in an environment of highly qualified service providers. The hospital network's offer includes a multi-operator, nationwide and quality-oriented supply network with the target of promoting members' growth and increasing case numbers.

Opportunities from the market and environment

This category of opportunities includes positive developments arising from political or economic trends. The medical sector's strength is its relative independence from economic developments, so we see an opportunity here to maintain our growth even though the economic situation is changing. Opportunities arising from competition are also assigned to this category. Here, we see potential in the establishment and expansion of medical services. In addition to aspects of medical care, opportunities to continue distinguishing ourselves positively from the competition with modern offerings and services also arise throughout our patients' entire hospital stays. We hereby draw on the wealth of experience of our nation-wide hospital network and are guided by the needs and the welfare of our patients.

Infrastructural opportunities

Infrastructural opportunities are all the issues that have a positive effect on our service provision, but are not located directly in operating activities. In particular, these include the qualification and motivation of our employees, the intelligent use of modern information technology and the technical equipment of our hospitals. By ensuring optimum qualification of our employees, we guarantee high innovation potential and forward-looking processes, not just in the field of advanced medicine. At the same time, we can acquire highly motivated personnel thanks to our strong brand as an employer. The homogenisation of our IT landscape reduces costs and increases the effectiveness and efficiency of the systems used.

With targeted investments, we can respond flexibly to changes in patient demands and thus distinguish ourselves from the competition. Our modern hospitals guarantee high-level care in terms of quality and technology, which also offers opportunities for future performance growth.

**OVERALL MANAGEMENT STATEMENT,
SUMMARY AND OUTLOOK**

With regard to the risks described in this report – taking account of their probability, potential financial impact and present business prospects – the management does not anticipate any individual or aggregate risks that could materially endanger the Group's ability to continue as a going concern. The management assumes that the company's earnings power is a solid foundation for future business development and provides the necessary resources.

Hamburg, 5 April 2019



Kai Hankeln



Hafid Rifi



Joachim Gemmel



Prof. Dr. Christoph U. Herborn



Marco Walker






ASKLEPIOS KLINIEN GMBH & CO. KGAA, HAMBURG

CONSOLIDATED FINANCIAL STATEMENTS



for the financial year from
1 January to 31 December 2018

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IFRS CONSOLIDATED INCOME STATEMENT

for the financial year from 1 January to 31 December 2018

EUR '000	Note no.	2018	2017
Revenue	VI.1	3,407,903	3,261,875
Other operating income	VI.2	235,760	240,391
		3,643,663	3,502,266
Cost of materials	VI.3	724,271	706,144
Staff costs	VI.4	2,167,374	2,067,538
Other operating expenses	VI.5	354,409	332,231
Operating result/EBITDA¹		397,609	396,353
Depreciation, amortisation and impairment			
of intangible assets and depreciation and impairment of financial assets and property, plant and equipment	VI.6	153,421	139,652
Operating result/EBIT²		244,188	256,700
Net investment income		10,394	6,418
Net investment income	VI.7	10,394	6,418
Interest and similar income	VI.8	804	3,501
Interest and similar expenses	VI.8	-39,360	-27,508
Net interest income	VI.8	-38,556	-24,007
Net finance costs		-28,161	-17,588
Earnings before income taxes		216,026	239,111
Income taxes	VI.9	-44,953	-45,002
Consolidated net profit		171,073	194,111
<i>of which attributable to the parent company</i>		<i>137,818</i>	<i>153,965</i>
<i>of which attributable to non-controlling interests</i>		<i>33,255</i>	<i>40,146</i>

¹ Operating earnings before interest, taxes and depreciation and amortization

² Operating earnings before interest and taxes

IFRS CONSOLIDATED STATEMENT OF OMPREHENSIVE INCOME

for the financial year from 1 January to 31 December 2018

EUR '000	2018	2017
Consolidated net profit	171,073	194,111
Share in OCI of an associate accounted for using the equity method	19	40
Measurement of financial assets	0	-729
Income taxes	0	11
Reclassifications due to available-for-sale financial assets sold in the financial year	0	718
Total changes in value reclassified to profit or loss if certain conditions are met	19	40
Change in actuarial gains (+)/losses (-) from defined benefit pension commitments and similar obligations	5,136	-11,897
Income taxes	-858	1,556
Total changes in value not reclassified to profit or loss	4,278	-10,341
Total changes in value recognised in equity (other comprehensive income)	4,297	-10,301
Total comprehensive income (total consolidated net profit and other comprehensive income)	175,370	183,810
<i>of which attributable to the parent company</i>	<i>140,872</i>	<i>146,328</i>
<i>of which attributable to non-controlling interests</i>	<i>34,498</i>	<i>37,482</i>

IFRS CONSOLIDATED STATEMENT OF CASH FLOWS*

for the financial year from 1 January to 31 December 2018

EUR '000	Note no.	2018	2017
Consolidated net profit		171,073	194,111
Income taxes	VI.9	44,953	45,002
Net interest income	VI.8	38,556	24,007
Net investment income	VI.7	-10,394	-6,418
Amortisation of intangible assets and financial assets and depreciation of property, plant and equipment	VI.6	153,421	139,652
Gross cash flow (EBITDA)		397,609	396,354
Other non-cash transactions		15,638	12,823
Changes in inventories, receivables and other assets	VIII.6, 7, 8, 9	-34,674	-96,007
Changes in liabilities and provisions	VIII.13, 14, 15, 16, 17, 18, 20	-39,683	7,782
Dividends received	VI.7	3,698	5,883
Interest income	VI.8	914	875
Income taxes paid	VI.9	-43,630	-38,457
Cash flow from operating activities/net cash flow		299,872	289,253
Investments in intangible assets, investments in property, plant and equipment, and acquisitions of subsidiaries, equity investments and financial assets	VIII.1-5	-425,986	-448,601
Proceeds from the disposal of non-current assets		16,578	3,336
Net cash used in investing activities		-409,408	-445,265
Proceeds from borrowings	VIII.12	50,000	780,000
Proceeds from the repayment of financial liabilities		-154,911	-101,430
Cash flow from dual hospital financing ¹	VIII.3	82,456	88,578
Interest expenses	VI.8	-27,577	-19,166
Withdrawal		-100,000	-200,000
Distributions		-1,139	0
Cash flow from financing activities		-151,171	547,982
Change in cash and cash equivalents		-260,707	391,970
Cash and cash equivalents as at 1 January		612,333	220,133
Change in cash and cash equivalents due to changes in basis of consolidation		0	230
Cash and cash equivalents as at 31 December	VIII.10	351,626	612,333

¹ EUR 90.3 million (previous year: EUR 80.1 million) of which attributable to subsidised non-current assets.

IFRS CONSOLIDATED STATEMENT OF FINANCIAL POSITION*

for the financial year to 31 December 2018

EUR '000	Note no.	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Intangible assets	VIII.2	706,007	655,714
Property, plant and equipment	VIII.3	1,608,744	1,546,773
Investments accounted for using the equity method, financial assets, other financial assets and other assets	VIII.4, 5, 9	538,224	499,017
Trade receivables	VIII.7	202	0
Deferred taxes	VIII.20	67,954	78,968
Total non-current assets		2,921,131	2,780,472
Current assets			
Inventories	VIII.6	117,422	114,531
Trade receivables	VIII.7	521,985	500,469
Current income tax assets	VIII.8	2,780	5,758
Other financial assets	VIII.5	124,177	88,508
Other assets	VIII.9	11,140	10,938
Cash and cash equivalents	VIII.10	351,626	612,333
Total current assets		1,129,129	1,332,537
Total assets		4,050,260	4,113,009

* abridged

EUR '000	Note no.	31 December 2018	31 December 2017
EQUITY AND LIABILITIES			
Equity attributable to the parent company			
Issued capital	VIII.11a	101	101
Reserves	VIII.11b	995,988	939,096
Consolidated net profit	VIII.11	137,818	153,965
Non-controlling interests	VIII.11c	360,636	323,418
Total equity	VIII.11	1,494,543	1,416,580
Non-current liabilities			
Trade payables	VIII.13	153	110
Financial liabilities	VIII.12	1,331,588	1,328,978
Finance lease liabilities	VIII.16	5,411	6,026
Pensions and similar obligations	VIII.17	268,337	276,559
Other provisions	VIII.18	217,126	215,311
Deferred taxes	VIII.20	47,569	53,885
Other financial liabilities	VIII.14	60,568	67,868
Other liabilities	VIII.15	7,410	7,530
Total non-current liabilities		1,938,163	1,956,268
Current liabilities			
Trade payables	VIII.13	90,806	83,763
Financial liabilities	VIII.12	47,077	157,921
Finance lease liabilities	VIII.16	616	6,943
Pensions and similar obligations	VIII.17	6,324	5,999
Other provisions	VIII.18	78,408	107,630
Current income tax liabilities	VIII.19	14,093	15,238
Other financial liabilities	VIII.14	174,230	155,710
Other liabilities	VIII.15	206,001	206,956
Total current liabilities		617,555	740,161
Total equity and liabilities		4,050,260	4,113,009

IFRS STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

for the 2018 financial year

EUR '000	Equity attributable to the parent company					Total	Non-controlling interests	Equity
	Issued capital	Capital reserves	Retained earnings	Fair value reserve	Consolidated net profit			
As at 1 January 2017	101	243,162	743,158	25,727	147,315	1,159,463	282,217	1,441,681
Net income	0	0	0	0	153,965	153,965	40,146	194,111
Other comprehensive income	0	0	-7,637	0	0	-7,637	-2,664	-10,301
Total comprehensive income	0	0	-7,637	0	153,965	146,328	37,482	183,810
Withdrawal	0	0	-200,000	0	0	-200,000	0	-200,000
Payment obligations and distributions	0	0	0	0	0	0	-1,364	-1,364
Changes in the consolidated group	0	0	0	0	0	0	3,125	3,125
Change in equity interests in consolidated companies	0	0	-249	0	0	-249	-113	-362
Allocation to reserves	0	0	147,315	0	-147,315	0	0	0
Other changes	0	0	13,347	-25,727	0	-12,380	2,071	-10,309
Total transactions recognised directly in equity	0	0	-39,587	-25,727	-147,315	-212,629	3,719	-208,910
As at 31 Dec. 2017	101	243,162	695,934	0	153,965	1,093,162	323,418	1,416,580
As at 1 January 2018	101	243,162	695,934	0	153,965	1,093,162	323,418	1,416,580
Net income	0	0	0	0	137,818	137,818	33,255	171,073
Other comprehensive income	0	0	3,054	0	0	3,054	1,243	4,297
Total comprehensive income	0	0	3,054	0	137,818	140,872	34,498	175,370
Withdrawal	0	0	-100,000	0	0	-100,000	0	-100,000
Payment obligations and distributions	0	0	0	0	0	0	-1,372	-1,372
Changes in the consolidated group	0	0	0	0	0	0	4,341	4,341
Change in equity interests in consolidated companies	0	0	16	0	0	16	0	16
Allocation to reserves	0	0	153,965	0	-153,965	0	0	0
Other changes	0	0	-143	0	0	-143	-249	-392
Total transactions recognised directly in equity	0	0	53,838	0	-153,965	-100,127	2,720	-97,407
As at 31 Dec. 2018	101	243,162	752,826	0	137,818	1,133,907	360,636	1,494,543

The auditor's report reproduced below was issued for the complete, unabridged consolidated financial statements and Group management report of Asklepios Kliniken GmbH & Co. KGaA, Hamburg, and its subsidiaries. In the interests of clarity, it was decided not to print an unabridged consolidated statement of financial position, an unabridged consolidated statement of cash flows or the notes to the consolidated financial statements.

The complete, unabridged consolidated financial statements and Group management report have been published in the German Federal Gazette (Bundesanzeiger).

INDEPENDENT AUDITOR'S REPORT

To Asklepios Kliniken GmbH & Co. KGaA, Hamburg

Audit opinions

We have audited the consolidated financial statements of Asklepios Kliniken GmbH & Co. KGaA, Hamburg, and its subsidiaries (the Group), comprising the consolidated statement of financial position as of 31 December 2018, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2018, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we audited Asklepios Kliniken GmbH & Co. KGaA's Group management report for the financial year from 1 January to 31 December 2018.

In our opinion, based on the findings of our audit,

- › the attached consolidated financial statements comply in all material respects with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to section 315e(1) HGB and, in accordance with these requirements, give a true and fair view of the Group's net assets and financial position as of 31 December 2018, and of its results of operations for the financial year from 1 January to 31 December 2018, and
- › the attached Group management report as a whole presents an accurate view of the Group's position. The Group management report is consistent with the consolidated financial statements, complies with German legal regulations and suitably presents the opportunities and risks of future development.

Pursuant to section 322(3) sentence 1 HGB, we state that our audit has not led to any reservations with regard to the compliance of the consolidated financial statements or the Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the Group management report in accordance with section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibility according to these regulations and standards is described in further detail in the "Responsibility of the auditor for the audit of the consolidated financial statements and the Group management report" section of our auditor's report. We are independent of the consolidated companies in compliance with the provisions of German commercial law and professional law and have fulfilled our other German professional obligations in compliance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions regarding the consolidated financial statements and the Group management report.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report

The legal representatives are responsible for preparing the consolidated financial statements, which in all material respects comply with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to section 315e(1) HGB, and for the consolidated financial statements giving a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls that they deemed necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's status as a going concern. In addition, they have a responsibility to disclose matters related to the status as a going concern, if relevant. They are also responsible for accounting on the basis of the going concern principle, unless they intend to liquidate the Group or discontinue its business operations, or there is no realistic alternative.

Moreover, the legal representatives are responsible for preparing the Group management report, which as a whole provides an accurate view of the Group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal regulations and suitably presents the opportunities and risks of future development. The legal representatives are also responsible for the arrangements and measures (systems) that they considered necessary to enable the preparation of a Group management report in compliance with applicable German legal regulations and to allow sufficient, suitable evidence to be provided for the statements in the Group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Responsibility of the auditor for the audit of the consolidated financial statements and the Group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an accurate view of the Group's position and is in all material respects consistent with the consolidated financial statements and with the findings of the audit, complies with German legal regulations and suitably presents the opportunities and risks of future development, and to issue an auditor's report containing our audit opinions regarding the consolidated financial statements and the Group management report.

Reasonable assurance is a high level of assurance but not a guarantee that an audit carried out in compliance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the IDW will always uncover a material misstatement. Misstatements can result from transgressions or inaccuracies and are deemed material if it could be reasonably expected that they would individually or together influence the financial decisions made by users on the basis of the consolidated financial statements and Group management report.

We exercise due discretion during the audit and maintain a critical attitude. In addition,

- › we identify and evaluate the risk of material misstatements, whether due to fraud or error, in the consolidated financial statements and the Group management report, plan and implement audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements are not uncovered is higher in the case of transgressions than in the case of inaccuracies, as transgressions can entail fraudulent collaboration, falsifications, deliberate omissions, misleading depictions or the suspension of internal controls.
- › we gain an understanding of the internal control system relevant for the audit of the consolidated financial statements and of the arrangements and measures relevant for the audit of the Group management report in order to plan audit procedures that are appropriate given the circumstances, but not with the aim of providing an audit opinion regarding the effectiveness of these systems.
- › we evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values presented by the legal representatives and the associated disclosures.
- › we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is material uncertainty regarding events or circumstances that could cause significant

doubt about the Group's ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obliged to call attention to the associated disclosures in the consolidated financial statements and in the Group management report in the auditor's report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may mean that the Group is no longer a going concern.

- › we evaluate the overall presentation, the structure and the content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events such that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to section 315e(1) HGB.
- › we obtain sufficient appropriate audit evidence for the company's accounting information or business activities within the Group in order to provide audit opinions regarding the consolidated financial statements and

the Group management report. We are responsible for directing, monitoring and implementing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.

- › we evaluate the consistency of the Group management report with the consolidated financial statements, its legality and the view it gives of the position of the Group.
- › we conduct audit procedures regarding the forward-looking disclosures made by the legal representatives in the Group management report. On the basis of sufficient appropriate audit evidence, we examine the significant assumptions underlying the legal representatives' forward-looking disclosures in particular and evaluate the appropriateness of the derivation of the forward-looking disclosures from these assumptions. We do not provide a separate audit opinion regarding the forward-looking disclosures or the underlying assumptions. There is a considerable, unavoidable risk that future events will differ significantly from the forward-looking disclosures.

Topics for discussion with those responsible for monitoring include the planned scope and scheduling of the audit as well as significant audit findings, including any deficiencies in the internal control system that we find during our audit.

Frankfurt am Main, 8 April 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Burkhart
German Public Auditor

Lars Müller
German Public Auditor

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of Asklepios Kliniken GmbH & Co. KGaA thoroughly performed the tasks required of it in accordance with the law, articles of association and rules of procedure in the 2018 financial year. Based on regular written and verbal reports provided by the general partner Asklepios Kliniken Management GmbH or the management (hereinafter “Group management”), the Supervisory Board fully addressed the business performance, position and planned operating policy of Asklepios Kliniken GmbH & Co. KGaA. It was promptly and comprehensively informed of all events of significance to the company. This helped the Supervisory Board to support and monitor the activities of the Group management on an ongoing basis.

During the 2018 financial year, the Supervisory Board held a total of four meetings. At these meetings, the Group management reported the performance of the business along with all events of significant importance to the Supervisory Board. The Supervisory Board carefully examined and – where necessary – approved matters of significant importance, namely transactions requiring its approval in accordance with the law, articles of association and rules of procedure. Some matters such as contractual matters involving Supervisory Board members were handled in accordance with section 114 AktG by the General Committee of the Supervisory Board, which took the relevant decisions or expressed recommendations to the Supervisory Board. The Supervisory Board was informed in particular about the development of operating business, financial figures and strategy of the newly acquired divisions, HR performance indicators and legislative initiatives in the healthcare industry, and discussed this with the Group management.

The consolidated financial statements, the annual financial statements as of 31 December 2018 as well as the Group management report and the management report were examined by the auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, and approved without reservation. The auditor’s reports were supplied to all members of the Supervisory Board and were dealt with in detail by the Audit Committee on 29 April 2019 and at the balance sheet meeting of the Supervisory Board on 30 April 2019.

The Supervisory Board took note of the annual financial statements and consolidated financial statements presented by the Group management. The auditors reported to the Supervisory Board members on the main findings of their audits. The Supervisory Board acknowledged the findings of the audits of financial statements. According to the final outcome of the Supervisory Board’s own review, no objections were raised regarding the consolidated financial statements, the annual financial statements and the management reports.

The Supervisory Board recommends that the Annual General Meeting adopts the 2018 annual financial statements of Asklepios Kliniken GmbH & Co. KGaA. The Supervisory Board endorses the Group management’s proposal for the appropriation of profits.

In accordance with section 312 AktG, the general partner has prepared a report on the company’s relations with affiliates (dependent company report) for the period after the company’s change of legal form to GmbH & Co. KGaA.

The auditor audited the dependent company report and issued the following auditor's report:

"In line with our engagement, we audited the legal representatives' report according to section 312 AktG on relations with affiliates according to section 313 AktG for the reporting period from 29 December to 31 December 2018. As there are no objections to be raised according to the final outcome of our audit, we issue the following auditor's report according to section 313(3) sentence 1 AktG: Having conducted a proper audit and assessment, we confirm that the factual statements in the report are correct."

The Audit Committee and the Supervisory Report received and reviewed the dependent company report and the audit report in good time. The auditor attended the relevant meetings and reported on his audit of the dependent company report and his significant audit findings. The auditor answered the Supervisory Board member's questions. According to the final outcome of the audit, the Supervisory Board approved the dependent company report and the audit report and has no objections to raise against the general partner's declaration at the end of the dependent company report.

On behalf of the Supervisory Board, I would like to sincerely thank the Group management and all employees of the Asklepios Group for their successful work and their huge personal dedication in financial year 2018.

Falkenstein, 30 April 2019

Schramm






























Ivo Schramm
Chairman of the Supervisory Board



ANNEX OF

THE ANNUAL

REPORT

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ANNEX OF THE ANNUAL REPORT

1. GROUP STRUCTURE: PRINCIPLES AND BUSINESS SEGMENTS

The name of the company is Asklepios Kliniken GmbH & Co. KGaA, Rübenkamp 226, Hamburg, Germany (hereinafter also referred to as AKG, the Group, or the company), and it is entered in the commercial register at the Hamburg Local Court under HRB 149532. The company was formed on 7 June 2004.

Asklepios Kliniken GmbH & Co. KGaA and its subsidiaries operate predominantly on the German market in the clinical acute care, rehabilitation sectors and, to a very limited extent, in the nursing sector. The purpose of the company is the acquisition and operation of healthcare institutions and the provision of consulting services.

The Group operates facilities in numerous federal states in Germany. The Group structure is geared towards regional differences in terms of personnel and company law. The operating entities are essentially the Asklepios hospitals of AKG in which investments are held directly and the equity investments of the two sub-group financial statements included in the consolidated financial statements, Asklepios Kliniken Hamburg GmbH, Hamburg (74.9% equity investment) and MediClin AG, Offenburg (52.73% equity investment).

The Group also has selected foreign operations; this relates almost exclusively to the investment in Greece (Athens Medical Center SA).

2. IFRS 16 LEASES

The European Union (EU) endorsed IFRS 16 Leases, which was issued by the IASB on 13 January 2016, in European law on 31 October 2017.

IFRS 16 replaces the previous standard on lease accounting, IAS 17, and the interpretations IFRIC 4, SIC-15 and SIC-27. The main changes made by IFRS 16 relate to accounting by the lessee. For example, the lessee must recognise assets from the obtained rights of use and liabilities from the assumed payment obligations for all leases. Expedients are granted for leased assets of low value and for short-term leases. The accounting regulations for lessors are largely the same as the former regulations of IAS 17.

Application of the standard is mandatory from 1 January 2019. Voluntary early adoption is permitted, but only if IFRS 15 Revenue from Contracts with Customers is also applied as at the same date. Asklepios is not applying IFRS 16 early. The Group uses the options under IFRS 16.5 a) (short-term leases) and IFRS 16.5 b) (assets of low value).

The table below shows the status of the right of use as well as current and non-current lease liabilities as at 1 January 2019.

EUR '000	1 January 2019
Assets	
Property, plant and equipment	525,278
Total assets	525,278
Equity and liabilities	
Liabilities current leases	51,305
Liabilities non-current leases	473,973
Total equity and liabilities	525,278

The expected effects on the consolidated income statement for 2019 break down as follows:

EUR '000	2019
Total operating revenue	0
Other operating expenses	58,651
Operating result/EBITDA	58,651
Depreciation, amortisation and impairment of intangible assets and depreciation and impairment of financial assets and property, plant and equipment	-53,117
Operating result/EBIT	5,534
Net finance costs	-9,963
Earnings before income taxes	-4,429
Income taxes	701
Consolidated net profit	-3,728

3. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset (IAS 23.11). Borrowing costs of EUR 1.1 million (previous year: EUR 1.5 million) were capitalised in connection with construction projects in the 2018 financial year. The capitalised amount was calculated as a surcharge rate from the capitalisation rate for loans taken out (8.21%).

All other borrowing costs are expensed in the period in which they were incurred (IAS 23.8).

4. IMPAIRMENT OF NON-FINANCIAL ASSETS

Other intangible assets and property, plant and equipment are subject to impairment testing by the company in accordance with IAS 36.

An impairment loss is charged on other intangible assets and property, plant and equipment if, as a result of certain events or developments, the carrying amount of the asset is no longer covered by the expected proceeds from the sale or the discounted net cash flow from further use. If it is not possible to determine the recoverable amount for individual assets, the cash flows are determined from the next higher cash-generating unit.

Impairment losses are reversed if the reason for impairment ceases to apply in subsequent years. The reversal of impairment losses is limited to the maximum amount of amortised cost that would have resulted had the impairment losses not been charged.

The test for impairment is carried out annually. If there are indications that could result in potential impairment, tests are carried out more frequently. Net cash flows are determined on the basis of forecasts for the individual reporting units; for subsequent years, the net cash flow trend is determined. The expected net cash flows are discounted using a risk-adjusted interest rate. Other parameters are derived from standardised industry figures. We use the expertise of independent advisory firms for this purpose.

The following parameters were used for all cash-generating units (CGUs) when testing for impairment:

	2018	2017
Planning horizon	3 years	3 years
Growth rate including perpetuals	0.5%	0.5%
Discount rate before tax	5.0	4.3

The average revenue growth for the key companies to which goodwill has been assigned is between 0.0% and 7.8% in the 2019 to 2021 planning period. The pre-tax discount rate is 5.1% (previous year: 4.4%).

Our business model includes the turnaround of loss-making clinics/institutions, which generally takes up to five years in the industry.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND METHODS

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity of another entity. The Group has various financial assets, essentially comprising cash and cash equivalents, trade receivables and other receivables arising directly from operations. The financial liabilities reported by the Group essentially comprise trade payables, liabilities to banks and finance lease liabilities. The main purpose of these financial liabilities is to raise finance for the Group's operations.

The main risks arising from the company's financial instruments can be grouped into the following three risk clusters: liquidity and financing risks, interest fluctuation and capital market risks (market risk) and credit, counterparty and payment risks (default risks).

Group-wide risk management focuses on the uncertainty of developments on financial markets and aims at minimising potential adverse effects on the financial position of the Group. Risk management is performed by management and complies with the policies issued by management. Management identifies, assesses and hedges financial risks in close cooperation with the operating units of the Group. Management determines the principles for general risk management and issues policies for specific areas including the handling of interest and credit risk, the use of derivative and primary financial instruments and the investment of excess liquidity.

6. LIQUIDITY AND FINANCING RISK

Liquidity risks stem from a possible lack of financing to settle liabilities as they fall due in terms of volume and maturity. In particular the latter fact leads to the need to accept unfavourable financing conditions in the event of potential liquidity bottlenecks. The central task of the Group's Financing and Investor Relations division is to manage short-term liquidity risks and longer-term financing risks, for which it uses a Group-wide integrated cash management system with a focus on efficient control of short-term cash funds.

Prudent liquidity management involves holding an adequate reserve of cash funds, the option of financing an adequate amount using the lines of credit obtained and the ability to issue suitable financial instruments on the market.

Given the dynamic nature of the business environment in which the Group operates, the aim of management is to ensure that financing remains as flexible as needed by securing sufficient lines of credit and constant access to capital markets. All credit agreements are complied with on an ongoing basis.

The table below shows the maturities of liabilities based on minimum contractual obligations (without discounting).

EUR million	Total as at 31 Dec. 2018	Up to 12 months	1 to 5 years	More than 5 years
Trade payables	91.0	90.8	0.2	0.0
Financial liabilities	1,378.7	47.1	594.3	737.3
Finance leases	6.6	0.7	2.5	3.4
Other financial liabilities (not including derivatives)	234.8	174.2	34.2	26.4

EUR million	Total as at 31 Dec. 2017	Up to 12 months	1 to 5 years	More than 5 years
Trade payables	83.9	83.8	0.1	0.0
Financial liabilities	1,486.9	157.9	510.6	818.4
Finance leases	16.6	10.1	2.7	3.8
Other financial liabilities (not including derivatives)	223.5	155.7	33.5	34.3

7. CREDIT, COUNTERPARTY AND TRANSACTION RISK (DEFAULT RISK)

Credit and counterparty risks result if a customer or another counterparty to a financial instrument fails to meet its contractual obligations in terms of due dates and del credere. Asklepios is exposed to only a low level of risk from an unexpected loss of cash or income. Firstly, financial contracts are entered into only selectively and are distributed over a broad group of banks with a good credit rating. The cash investment policy, which is largely short term, follows the principle of "security over yield" and spreads excess Group liquidity across different banks from the three major German deposit protection systems with a limit for each individual institution. Secondly, Asklepios has a low del credere risk thanks to the high share of debtors that are German (statutory) health insurance companies, supplemented with a smaller share of public welfare authorities and some private patients. By contrast, the growing influence of the economic crisis on the earnings situation of the social insurance schemes results in the risk of delayed payment of trade receivables, which in turn leads to a danger of more capital being tied up in current assets. There is also a risk that individual receivables will not be recognised by the MDK. As a result, provisions are recognised for bad debts that are measured by the management on the basis of the past experience. The income adjustments after the end of the reporting period made based on examinations by the MDK are recognised in the allowances for trade receivables provided these have not yet been settled by the payers. The MDK risk for receivables already paid is covered by a provision.

Bad debt allowances are recognised immediately when there is any indication that a receivable is not recoverable in full or in part.

As in the previous year, there are no significant concentrations of risk as at 31 December 2018. With respect to the other financial assets carried by the Group, the maximum exposure to credit risk arising from default of the counterparty is equal to the carrying amount of the corresponding instrument.

For all payment transactions processed using an automated payment management system, at the very least the principle of dual control applies. The conclusion of financial contracts is also regulated in a volume-weighted approval catalogue.

8. MARKET RISK

Asklepios regards market risk as the risk of a loss that can be incurred as a result of a change in the market parameters relevant to measurement (currency, interest, price). Fluctuations in market interest rates affect future interest payments for floating-interest liabilities. Material increases in the base interest rate or the bank margin can therefore restrict the Group's profitability, liquidity and financial position. The same applies to the foreign currency risks, which are very limited.

9. INTEREST RATE RISK

For fixed-rate financial liabilities, the operating cash flow and Group profit are largely unaffected by changes in the market interest rate. Accordingly, the more long-term liabilities from the schuldschein loan agreement have a fixed interest rate.

The interest rate risk is presented using sensitivity analyses in accordance with IFRS 7. These present the effects of changes in market interest rates on interest income and expenses, other components of profit or loss and on equity.

There is no interest rate risk within the meaning of IFRS 7 for financial instruments that are subject to fixed interest rates and measured at amortised cost.

The average balance was used as the closing balance of cash funds is not reliable for calculating interest sensitivities. The average balance was taken to be the arithmetic mean of the opening and closing balances.

EUR '000 Variable: interest rate	31 December 2018		31 December 2017	
	+ 100 basis points	- 100 basis points	+ 100 basis points	- 100 basis points
Earnings before income taxes	2,556	-2,849	-2,317	2,024

10. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratio in order to support its business operations.

As at 31 December 2018, the equity ratio was 36.9% (previous year: 34.4%) and thus considerably higher than the contractual requirements. The company monitors its capital using the ratio of net debt to EBITDA (debt ratio). This performance indicator continues to improve. According to internal guidelines, this ratio should be limited to 3.5x. The external contractually agreed limits are more broadly defined.

The financing strategy of the Group as a whole is primarily managed based on the net debt/EBITDA ratio.

The following table illustrates how this performance indicator was calculated in the period under review:

EUR million	2018	2017
Financial liabilities	1,378.7	1,486.9
Cash and cash equivalents	351.6	612.3
Net liabilities	1,027.1	874.6
EBITDA	397.6	396.4
Net debt/EBITDA	2.6x	2.2x

The performance indicator was therefore within the specified range at 2.6x in the financial year (previous year: 2.2x).

Compared to German industry as a whole and the relevant competitors within the industry, this leverage can be considered positively low. The interest coverage factor (EBITDA/net interest income) is 10.3x (previous year: 16.5x).

As at the end of the reporting period, the Group has cash reserves of EUR 351.6 million (previous year: EUR 612.3 million) in the form of cash and cash equivalents and unutilised lines of credit for a further EUR 450.7 million (previous year: EUR 461.1 million).

11. FINANCIAL AND OTHER FINANCIAL ASSETS

EUR 63.7 million (previous year: EUR 70.7 million) of the financial assets and other financial assets are non-current and EUR 124.2 million (previous year: EUR 88.5 million) are current.

The increase in current financial and non-financial assets is particularly attributable to the EUR 13.9 million rise in receivables in accordance with the German National Hospital Rate Ordinance to EUR 56.9 million and to the advance payment of EUR 15.0 million for the purchase of Mind District Holding B.V.

Receivables from grants of EUR 50.1 million (previous year: EUR 56.1 million) to finance a hospital are offset by a loan obligation.

Receivables under German hospital financing law of EUR 17.1 million (previous year: EUR 11.7 million) relate to outstanding claims to state subsidies. Receivables in accordance with the German National Hospital Rate Ordinance and the German Hospital Fees Act of EUR 57.2 million (previous year: EUR 43.2 million) relate to compensation claims.

Equity investments of EUR 2.9 million (previous year: EUR 2.0 million) relate to companies in which AKG has a shareholding of between 20% and 50%. These are not consolidated and are accounted for at cost.

Other financial assets were not impaired as at the end of the reporting period or in the previous year. As in the previous year, no transactions were recognised in profit or loss in the 2018 financial year.

12. INVENTORIES

Inventories break down as follows:

EUR '000	31 December 2018	31 December 2017
Materials and supplies	51,609	49,855
Inpatients at end of reporting period (work in progress)	64,428	63,360
Finished goods and merchandise	1,384	1,316
Total	117,422	114,531

Materials and supplies essentially include medical supplies. Work in progress relates in particular to DRG inpatients as at the end of the reporting period. As in the previous year, there were no impairment losses on raw materials or supplies in 2018.

13. TRADE RECEIVABLES

EUR '000	31 December 2018	31 December 2017
Gross receivables	596,035	558,630
Less impairment	-73,848	-58,161
Net receivables	522,187	500,469
Of which non-current receivables	202	0
Of which current receivables	521,985	500,469

Trade receivables are recognised at amortised cost. An amount of EUR 521,985 thousand (previous year: EUR 500,469 thousand) has a remaining term of less than one year.

**Of which:
not impaired as at end of the reporting**

EUR '000	Carrying amount	Of which: neither impaired nor past due as at end of the reporting period	Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
	as at 31 Dec. 2018							
Trade receivables	522,187	378,522	57,503	22,371	7,508	16,619	17,630	22,034
	as at 31 Dec. 2017							
Trade receivables	500,469	352,619	62,889	19,204	10,545	15,604	13,589	26,018

With respect to the trade receivables that were neither impaired nor past due, there was no indication as at the end of the reporting period that the debtors would fail to meet their payment obligations.

Write-downs of trade receivables amounted to EUR 73.8 million (previous year: EUR 58.2 million), whereby trade receivables of EUR 8.1 million (previous year: EUR 7.3 million) were derecognised in the financial year.

14. EQUITY

In accordance with IAS 1, the development of equity is presented in a statement of changes in consolidated equity, which is a separate component of the consolidated financial statements.

EUR '000	31 December 2018	31 December 2017
Equity attributable to the parent company	1,133,907	1,093,162
Non-controlling interests	360,636	323,418
Total equity as per the statement of financial position	1,494,543	1,416,580

15. COMPONENTS OF EQUITY

Please refer to the statement of changes in consolidated equity for information on the breakdown of equity.

a) Issued capital

The issued capital is the liable capital under company law of the parent company Asklepios Kliniken GmbH & Co. KGaA. It has been paid in full. The issued capital relates in full to 100,500 bearer shares with voting rights (no-par-value shares) with a notional interest in the share capital of EUR 1.00 per share. There are no restrictions on voting rights or the transfer of shares – even if they result from an agreement between shareholders – or we are not aware of such restrictions. None of our shares have special rights bestowing control.

b) Reserves

Reserves include the capital reserves and retained earnings. Retained earnings consist of earnings retained from previous years.

A total of EUR 153,965 thousand (previous year: EUR 147,315 thousand) was allocated to retained earnings in the 2018 financial year. Despite the withdrawals by Broermann Holding GmbH amounting to EUR 100.0 million, equity increased by EUR 77.9 million to EUR 1,494.5 million (previous year: EUR 1,416.6 million).

c) Non-controlling interests

The non-controlling interests contain third-party shares in the equity of consolidated subsidiaries.

Non-controlling interests of approximately 6% relate to the entities that operate clinics.

EUR 33,255 thousand of the consolidated net income for the year is attributable to non-controlling interests (previous year: EUR 40,146 thousand). Subject to executive approval, a provisional amount of EUR 19.9 million (previous year: EUR 22.8 million), and thus cumulatively EUR 178.6 million, of this net income for the year is attributable to the non-controlling interests of Asklepios Kliniken Hamburg GmbH, Hamburg, in 2018. Non-controlling interests hold 25.1% of the voting rights in Asklepios Kliniken Hamburg GmbH in total. The consolidated financial statements of Asklepios Kliniken Hamburg GmbH will be approved and adopted by the company's boards at a later date. For Asklepios Kliniken Hamburg GmbH, the consolidated financial statements include a total of EUR 488.5 million (previous year: EUR 432.5 million) in assets that can be liquidated at short notice (including cash funds of EUR 166.5 million, which were up significantly by EUR 37.5 million year-on-year), and EUR 802.6 million (previous year: EUR 799.2 million) in non-current assets available for generating future income (EUR 1,303.2 million in total in 2018). Non-current liabilities of EUR 364.8 million (previous year: EUR 390.1 million) were included in the consolidated financial statements for Asklepios Kliniken Hamburg GmbH. In connection with the measurement of non-current liabilities, actuarial gains of EUR 4.2 million (previous year: actuarial losses of EUR 11.6 million) before taking account of deferred tax liabilities of EUR 0.7 million (previous year: deferred tax assets of EUR 1.5 million) were included in the consolidated financial statements, EUR 1.1 million of which were charged to non-controlling interests.

Subject to executive approval, a provisional amount of EUR 10.8 million of the net income for the year attributable to non-controlling interests, and thus cumulatively EUR 161.4 million, is attributable to the non-controlling interests of MEDICLIN Aktiengesellschaft (MediClin AG), Offenburg, in 2018. Non-controlling interests hold 47.27% of the voting rights in MEDICLIN Aktiengesellschaft in total. There were distributions to non-controlling interests in the amount of EUR 1.1 million in the reporting year (previous year: none). The consolidated financial statements of MEDICLIN Aktiengesellschaft will be approved and adopted by the company's boards at a later date. For MEDICLIN Aktiengesellschaft, the consolidated financial statements include a total of EUR 148.5 million (previous year: EUR 128.9 million) in assets that can be liquidated at short notice (including cash funds of EUR 33.8 million, up EUR 6.9 million year-on-year) and EUR 296.2 million (previous year: EUR 239.8 million) in non-current assets available for generating future income (EUR 655.0 million in total in 2018). Non-current liabilities of EUR 165.4 million (previous year: EUR 118.4 million) were included in the consolidated financial statements for MEDICLIN Aktiengesellschaft. In connection with the measurement of non-current liabilities, actuarial gains of EUR 0.9 million (previous year: actuarial losses of EUR 0.4 million) before taking account of deferred tax liabilities of EUR 0.1 million (previous year: deferred tax assets of EUR 0.1 million) were included in the consolidated financial statements, EUR 0.4 million of which were charged to non-controlling interests.

There were no material transactions with material non-controlling interests in 2017 or 2018.

d) Development of other comprehensive income

Other comprehensive income includes both the development of actuarial losses from pension provisions of EUR 4.3 million (previous year: EUR -10.3 million) and the share of total comprehensive income of investments accounted for using the equity method of EUR 19 thousand (previous year: EUR 40.0 thousand).

EUR 1.2 million (previous year: EUR -2.7 million) of the actuarial losses from pension provisions relates to non-controlling interests.

16. FINANCIAL LIABILITIES

EUR '000	31 December 2018	31 December 2017
Current portion	172,211	157,921
Non-current portion	1,206,454	1,328,978
Total financial liabilities	1,378,665	1,486,899

EUR 157.9 million was repaid in total in the financial year (previous year: EUR 105.8 million).

Asklepios placed a schuldschein loan agreement of EUR 300.0 million with an average term of more than 7.5 years in November 2013 and a schuldschein loan agreement of EUR 580.0 million with an average term of more than eight years in August 2015. A significant event in November 2017 was the placement of a third schuldschein loan agreement of EUR 780.0 million. The schuldscheins were placed with fixed and variable interest. The floating interest rate varies between 0.65% and 1.3% and is based on capital market rates (Euribor).

Other financial liabilities essentially bear interest at floating rates and usually have fixed-interest periods of between one and three months. The redemption payments are essentially in line with the fixed-interest terms.

None (previous year: EUR 0 million) of the financial liabilities reported are secured by land charges.

The non-subsidised portion of a loan to finance a new building with a carrying amount of EUR 26.5 million (previous year: EUR 29.6 million) as at 31 December 2018 had a fair value of EUR 30.4 million (previous year: EUR 34.5 million) as at the same date.

Of the non-current financial liabilities, the following amounts fall due in the next few years:

Financial year	Amount in EUR million
2020	80.6
2021	5.6
2022	387.9
2023	120.2
Subsequent years	737.3
Total	1,331.6

The future payments from financial liabilities and the interest and instalment components included therein break down as follows:

31 December 2018				
Remaining term EUR million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum obligation	68	638	796	1,502

31 December 2017				
Remaining term EUR million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum obligation	181	596	858	1,635

Credit facilities

The Group has freely available lines of credit of EUR 450.7 million as at the end of the reporting period (previous year: EUR 461.1 million). EUR 0.0 million (previous year: EUR 0.0 million) of this is secured by land charges. Drawings on these credit lines are subject to floating interest.

17. TRADE PAYABLES

There are trade payables due to third parties. An amount of EUR 90,806 thousand (previous year: EUR 83,763 thousand) has a remaining term of less than one year.

18. OTHER FINANCIAL LIABILITIES

Other financial liabilities comprise:

EUR '000	31 December 2018	31 December 2017
Liabilities under German Hospital Financing Act	84,026	76,015
Subsidised loans	65,166	72,402
Liabilities from outstanding invoices	51,947	42,886
Purchase price commitments/liabilities to former payers	6,357	6,965
Liabilities to state authorities	4,829	4,511
Liabilities from third-party funds	2,377	3,718
Liabilities to Landeskrankenhausgesellschaft	2,127	2,138
Liabilities to external shareholders	2,153	1,900
Liabilities for third-party obligations	1,683	1,775
Liabilities to other lenders	1,928	1,080
Liabilities to senior consultants	546	999
Liabilities to provident funds	202	267
Liabilities to shareholders	441	177
Miscellaneous other financial liabilities	11,017	8,745
Other financial liabilities	234,799	223,578
Of which non-current	60,568	67,868
Of which current	174,230	155,710

The subsidised loans of EUR 65.2 million are financed in full by the respective states, affecting interest and repayment.

The future payments from subsidised loans and the interest and instalment components included therein break down as follows:

31 December 2018				
Remaining term EUR million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum obligation	8	35	15	58

31 December 2017				
Remaining term EUR million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum obligation	11	44	29	84

The interest component included in the minimum obligations amounts to EUR 8.7 million (previous year: EUR 11.5 million).

The purchase price obligations essentially comprise obligations from a number of acquisitions.

Liabilities for third-party obligations concern statutory obligations to perform maintenance and fire protection work.

Liabilities from grants relate to funds for investments obtained from sponsors, etc. that has not yet been used.

19. FINANCE LEASE LIABILITIES

The future payments from finance lease agreements for land and buildings and the interest and instalment components included therein break down as follows:

31 December 2018				
Remaining term EUR '000	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum lease obligation	199	803	3,203	4,205
Financing costs	-19	-74	-301	-394
Present value of minimum lease obligation (land and buildings)	180	729	2,902	3,811
31 December 2017				
Remaining term EUR '000	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum lease obligation	9,576	805	3,306	13,687
Financing costs	-3,063	-82	-219	-3,364
Present value of minimum lease obligation (land and buildings)	6,513	723	3,087	10,323

In addition, there are other leases for medical and technical equipment classified as finance leases. The leases have remaining terms of up to eight years. The interest rates for the leases vary between 2.9% and 5.7% per year according to the date the contract was signed, term and lease volume. The net carrying amounts were EUR 2.4 million, in total as at the end of the reporting period (previous year: EUR 2.6 million).

The future payments from finance lease agreements for operating and office equipment and the interest and instalment components included therein break down as follows:

31 December 2018				
Remaining term EUR '000	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum lease obligation	502	1,710	219	2,431
Financing costs	-67	-141	-8	-216
Present value of minimum lease obligation (operating and office equipment)	435	1,569	211	2,215

31 December 2017				
Remaining term EUR '000	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum lease obligation	515	1,850	567	2,932
Financing costs	-85	-188	-13	-286
Present value of minimum lease obligation (operating and office equipment)	430	1,662	554	2,646

Property rents of MediClin AG

MEDICLIN Aktiengesellschaft (MediClin) has filed a lawsuit with the Offenburg District Court to claim the repayment of rent above the normal market rate. The company is assuming that the rents paid in total for the period from 2005 to 2015 were higher than the applicable market rent for this period.

The lawsuit was filed against existing and former share-holders of the company who hold units in the property fund to which the hospitals acquired and leased back between 1999 and 2001 were contributed. In weighing up the risks and opportunities of

the lawsuit, MEDICLIN took into account the fact that the subject of this legal dispute – particularly with regard to measuring the market conformity of the rents in question – will be a complex matter and will involve difficult legal questions, some of which have not yet been answered at the highest judicial level.

In the opinion of the Management Board, this matter does not require any accounting consequences.

20. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Some employees were granted post-employment annuity payments under the Group's pension scheme, which takes the form of defined contribution and defined benefit plans. The Group's obligations cover both existing and future benefit claims.

Pension provisions for defined benefit plans are determined in accordance with IAS 19 on the basis of actuarial assumptions. In the financial years, the following parameters were applied:

	2018	2017
Discount rate	1.90%	1.80%
Expected salary increases	2.00%	2.00%
Expected pension increases	1.00%	1.00%
Average employee turnover	0.00%	0.00%

The cost trends in the medical sector were not considered in the calculation of pension provisions on grounds of immateriality.

The Group's defined benefit pension obligations are orientated towards the Hamburg Act on Additional Retirement Pensions and the respective valid version of the bylaws of the Pension Institution of the Federal Republic and the Federal States (VBL) and are based on benefit guideline no. 1 of the collective agreement on the company pension scheme at Landesbetrieb Krankenhäuser (LBK Hamburg) – a public-law institution – dated 24 July 2000. These obligations are met by way of the insured provident fund of LBK e.V. In addition, there are obligations to civil servants of the city of Hamburg on leave of absence and individual contractual obligations that are partially covered by employer's pension liability insurance policies. For employees entitled to a pension at Asklepios Westklinikum Hamburg GmbH, acquired on 1 July 2008, there are benefit obligations funded by provisions in accordance with the articles of association of the VBL.

The Hamburg Act on Additional Retirement Pensions allows for pension benefits on the basis of final salary. The corresponding present value of the obligations was EUR 440,802 thousand as at 31 December 2018 (88% of the total obligation). The benefit amount is calculated from years of service and pay according to the pay grade when pension payments begin. Pensions increase by 1% per year.

The present value of the obligation from defined contribution pension commitments according to the articles of association of the VBL is EUR 53,774 thousand (11% of the total obligation). The annual contribution amount is determined by the pay subject to supplementary pension payments. The pension payments result from the actuarial annuitisation of the contributions. The current annuities increase by 1% each year.

As the payable benefits are lifelong pension payments, there is a longevity risk, which is largely hedged by the pension liability insurance policies in place. In addition, because the payable benefit depends on salary, there is a risk that the required payment to the employee will increase due to future salary increases. The Group bears this risk in full.

The 2018 G Heubeck mortality tables were used as a biometric basis for calculation.

The amount of the provision breaks down as follows:

EUR '000	31 December 2018	31 December 2017
Present value of benefit obligation from funded pension commitments	469,135	470,285
Present value of unfunded benefit obligations funded by provisions	111,440	112,274
Total present values of pension obligation	580,575	582,559
Fair value of plan assets	-305,913	-300,001
Effect of the asset cap as at 31 December	0	0
Net provisions	274,662	282,558

In the financial years shown, there were no effects from the change in demographic assumptions as these were unchanged year-on-year.

The development is as follows:

EUR '000	31 December 2018	31 December 2017
Provision as at 1 January	282,558	274,155
Current service cost	6,415	6,622
Past service cost	558	386
Net interest expense/income	4,561	4,383
Benefits paid	-1,792	-1,997
Experience adjustments	-5,518	11,851
Employer contributions to plan assets	-12,120	-12,842
Actuarial losses from the change of financial assumptions	0	0
Provision as at 31 December	274,662	282,558

The present value of the pension obligations developed as follows:

EUR '000	31 December 2018	31 December 2017
Present value of the obligation as at 1 January	582,559	568,290
Service cost	6,415	6,622
Past service cost	558	386
Interest cost	9,957	9,702
Experience adjustments	-1,019	14,169
Actuarial losses from the change of financial assumptions	-3,054	0
Benefits paid	-14,841	-16,610
Present value of the obligation as at 31 December	580,575	582,559
Of which unfunded benefit obligations funded by provisions	111,440	112,274
Present value of the funded benefit obligations	469,135	470,285

The fair value of plan assets developed as follows:

EUR '000	31 December 2018	31 December 2017
Fair value of plan assets as at 1 January	300,001	294,135
Expected return on plan assets	5,396	5,320
Benefits paid	-13,038	-14,534
Remeasurement of plan assets	1,434	2,318
Employer contributions to plan assets	12,120	12,762
Fair value of plan assets as at 31 December	305,913	300,001

If there is excess cover in the provident fund, it is not economically usable, so it is not recognised as an asset. The effect of this asset cap developed as follows:

EUR '000	31 December 2018	31 December 2017
Effect of the asset cap as at 1 January	0	0
Profit recognised in other comprehensive income	0	0
Effect of the asset cap as at 31 December	0	0

Plan assets mostly comprise employer's pension liability insurance taken out to cover the provident fund obligations from benefit obligations.

EUR 12.1 million (previous year: EUR 11.6 million) was contributed to the Hamburg provident fund in the 2018 financial year. The amount paid in to plan assets for 2018 financial year is expected to be comparable to 2018.

The sensitivity of the obligation in relation to the change in relevant actuarial assumptions (figures in brackets relate to the previous year) is as follows:

		Relative change of the obligation
Actuarial interest rate	-0.50%	Increase of 8.88% (5.14%)
Actuarial interest rate	+0.50%	Decrease of 7.86% (11.58%)
Income trend	-0.50%	Decrease of 0.71% (4.49%)
Income trend	+0.50%	Increase of 0.76% (decrease of 2.99%)

The effects of sensitivity were determined by the same method as the obligation at the end of the year. Only the change in the factor presented was considered, while other factors were assumed to be constant. This assumption could turn out differently in reality.

As the pension adjustment is contractually fixed (1% increase), this is not an influencing factor listed in the sensitivity analysis.

Because of the existing employer's pension liability insurance policies, most of the biometric risk is not borne by the Group but rather by the insurer, meaning that there was no sensitivity analysis here either.

The estimated payments from the pension provisions and plan assets are as follows:

Financial year	EUR '000
2019	15,628
2020	16,321
2021	17,073
2022	17,945
2023	19,040
2024-2028	108,220
Total	194,227

The estimated employer contributions to plan assets for 2018 amount to EUR 12.1 million. Estimated benefit payments from pension provisions are EUR 1.9 million.

The annual benefit payment obligation arises from the insurance contracts in place with the provident funds.

The weighted average duration of pension obligations is around 17 years (previous year: 18 years).

Multi-employer plans

Since 1 January 2002, BVK Zusatzversorgung, Munich, has paid a benefit that arises if an annual amount of 4.00% of an employee's gross salary is paid in full into a funded scheme. The contributions are made exclusively by the employer. The size of the contribution depends on the respective employee's pay subject to supplementary pension payments. The bylaws provide for a flat redevelopment charge for additional financing requirements above the actual contribution.

In the financial year, the contribution rate of ZVK Darmstadt was 6.2% of the pay subject to supplementary pension payments. As a result of the closure of the integrated scheme and the switch to the points model, the fund levies a flat redevelopment charge of 2.3% to cover additional financing requirements in order to finance the claims and accrued entitlements arising before 1 January 2002. In accounting group II, which is already funded, a compulsory contribution of 6.35% is levied.

In the following year, Asklepios is expecting a contribution/funding requirement for members of BVK Zusatzversorgung, Munich, of EUR 4.4 million (previous year: EUR 4.3 million). For members of the Zusatzversorgungskasse der Gemeinden und Gemeindeverbände (supplementary pension fund for municipalities and municipal associations) in Darmstadt, Asklepios is expecting a funding requirement of EUR 4.7 million (previous year: EUR 4.2 million).

BVK Zusatzversorgung, Munich, had 5,789 members in the 2017 financial year (2016 financial year: 5,751) and managed assets of EUR 21.3 billion (previous year: EUR 20.1 billion). In 2017, 725,615 compulsorily insured employees and 693,905 non-contributory insurance contracts were registered via these members. Company pensions are paid to 283,625 compulsorily insured employees. In the financial year, Asklepios registered 2,110 employees entitled to supplementary pension provision.

The Zusatzversorgungskasse der Gemeinden und Gemeindeverbände in Darmstadt has more than 640 members. 90,200 compulsorily insured employees, 92,000 non-contributory insured individuals and around 5,800 voluntarily insured individuals were registered via these members. Company pensions are paid to 48,600 former employees and their surviving dependents. In the financial year, Asklepios registered 1,531 employees entitled to supplementary pension provision.

The financing requirements for compulsory insurance benefits are determined for the coverage period plus one year. To cover these financing requirements, the contributions and redevelopment charges for the coverage period must be determined according to actuarial principles in such a way that the contributions to be paid for the coverage period together with other income expected from compulsory insurance and the partial assets available at the start of the coverage period are expected

to suffice to finance the expenditure for the coverage period and one additional year. The coverage period is measured in such a way that the expected obligations of the fund resulting from entitlements and benefits from compulsory insurance can be met on an ongoing basis, but must not be less than ten years. After five years at the latest, the contribution and redevelopment charge requirements for a new coverage period must be determined after five years at the latest (rolling coverage period).

If a member leaves the accounting group of BVK Zusatzversorgung, Munich, or ZVK Darmstadt, the fund must be paid a settlement amount equal to the present value of its obligations from compulsory insurance on the date the membership ended. The calculation of present value takes account of company pension beneficiaries' claims to benefits and pension points from accrued entitlements as at the date the membership ended. Individually financed supplementary contributions are not included.

Until 31 December 2012, one of the Group's clinics was a participating institution in the Pension Institution of the Federal Republic and the Federal States (VBL) in Karlsruhe. The equity investment was cancelled with notice of six months as at 31 December 2012. A corresponding risk provision was recognised in the consolidated financial statements.

21. ANNUAL AVERAGE NUMBER OF FTES

The average number of employees was 35,327 in the 2018 financial year (previous year: 35,097).

FTEs by group	2018	2017
Nursing service	11,998	11,886
Medical-technical service	5,573	5,550
Medical service	5,152	5,206
Functional service	4,135	4,030
Administrative service	2,694	2,393
Financial and care service	2,603	2,605
Miscellaneous	3,172	3,427
Total	35,327	35,097

22. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Other financial obligations essentially relate to capital commitments and leases and comprise the following:

EUR '000	2018	2017
Rental and lease agreements	491,294	434,272
Supply agreements	35,184	21,167
Maintenance contracts	27,289	33,389
Insurance contracts	27,055	31,075
Sureties	25,823	43,689
Capital commitments	3,616	5,389
Purchase commitments	1,361	1,540
Miscellaneous	45,620	24,634
Total	657,242	595,155

The obligations arising from rental and lease agreements essentially relate to the real property of MediClin AG rented on a long-term basis, not including obligations already recognised in purchase price allocation. The underlying rental agreements have a term until 31 December 2027. The agreements provide for an annual rent adjustment in the amount of the change in the German Consumer Price Index, but in any case no more than 2% p. a.

The purchase commitments include orders in investments that were not yet delivered as at the cut-off date. Of the purchase commitments, EUR 0.6 million was attributable to intangible assets and EUR 25.2 million to property, plant and equipment.

All other financial obligations are carried at their nominal amount and are due as follows:

	EUR '000
Up to 1 year	147,362
Between 2 and 5 years	205,938
More than 5 years	303,941
Total	657,241

The future payment obligations under operating leases broke down as follows as at 31 December 2018 and 31 December 2017:

TEUR	31 December 2018	31 December 2017
Up to 1 year	49,271	52,083
Between 2 and 5 years	170,670	164,363
More than 5 years	271,353	217,826
Total	491,294	434,272

23. LEGAL DISPUTES

The company is occasionally involved in legal disputes in the course of its business activities. The company is not aware of any events that could have a significantly adverse effect on its financial position and financial performance.

24. DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The current version of the declaration of compliance in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) of the listed company MediClin AG, which is included in the consolidated financial statements, has been published and made permanently available on the MediClin AG website. The current declaration of compliance is also included in the corporate governance declaration in accordance with section 289a HGB, which is likewise available on the MediClin AG website.

25. EXECUTIVE BODIES OF ASKLEPIOS KLINIKEN GMBH & CO. KGAA

Supervisory Board

The members of the Supervisory Board of the company are:

Ivo Schramm (since 27 September 2018)	Chairman of the Supervisory Board, lawyer, Döbeln
Dr Ulrich Wandschneider (until 27 September 2018)	Chairman of the Supervisory Board, Business administration graduate, Hamburg
Uwe Ostendorff	Deputy Chairman of the Supervisory Board, trade union secretary, Berlin
Barbara Brosius	Business consultant, Kronberg
Dr Julia Dannath-Schuh (since 9 March 2018)	Business consultant, Hamburg
Dr Miklas Drüeke	Doctor for anaesthesia, Bad Tölz
Dr Hans-Otto Koderisch	Internal medicine specialist, Heidelberg
Prof. Karsten Krakow	Senior consultant, Frankfurt/Main
Rainer Laufs	Business consultant, Kronberg
Prof. Karl-Heinrich Link	Senior consultant (retired), Wiesbaden
Stefan Murfeld (until 31 January 2018)	Employee, Königstein
Heiko Piekorz	Nurse, Waldow
Katharina Ries-Heidtke (since 9 March 2018)	Employee, Hamburg
Dirk Reischauer	Lawyer, Wiesbaden
Jochen Repp	Lawyer, Oberursel
Dr Anke Savcenko	Medical director for anaesthesia/intensive care, Schwedt
Michael Schreder	HR manager, Fernwald
Martin Simon Schwärzel	Specialist nurse, Griesheim
Hilke Stein (since 9 March 2018)	Trade union secretary, Hamburg
Claudia Steinbach (until 31 December 2018)	Diabetes consultant DDG, head of Diabetes department, Malsfeld
Andre Stüve	Architect, Damme
Stephan zu Höne	Managing director, geology graduate, Kassel

Management Board

Asklepios Kliniken Management GmbH Königstein im Taunus	
Kai Hankeln ¹ Bad Bramstedt	State-certified business economist, Chairman of the Management Board
Hafid Rifi ¹ Friedberg	Economics graduate, tax consultant, Deputy Chairman of the Management Board
Marco Walker ¹ Hamburg	Economics graduate
Prof. Christoph U. Herborn ² Hamburg	Specialist for radiology
Joachim Gemmel ² Hamburg	Business administration graduate
Dr Thomas Wolfram ³ Hamburg	Specialist for surgery and traumatology, Health economics and MBA graduate

¹ for Asklepios Kliniken Management GmbH

² for Asklepios Kliniken Management GmbH from 1 January 2019

³ for Asklepios Kliniken Management GmbH until 31 December 2018

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Many thanks to all the employees who provided support and helped create our annual report.

**Content 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 annual 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.

The original German version of the annual report is definitive.

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THINK
FURTHER

LIVE WELL.

