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QUARTERLY REPORT

1 JANUARY – 30 SEPTEMBER 2022

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Asklepios Kliniken GmbH & Co. KGaA, Hamburg

Quarterly report Q3 2022

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Ladies and gentlemen,

The Ukraine war and the aftermath of the coronavirus pandemic are still dominating political and economic world affairs. On top of this, we are currently experiencing the consequences of inflation. In addition to increased energy prices, this is also affecting the healthcare sector and hospital operators through price increases for medical products and pharmaceuticals.

In contrast to other sectors, hospitals cannot pass on the increase in costs. The current remuneration system prevents prices for hospital services from being adjusted annually. It is based on the calculation of “fixed prices” known as base rates, which are set only once a year. They therefore cannot compensate for major economic fluctuations like the inflation-driven cost increases that we are currently experiencing.

As a large healthcare group, Asklepios is able to achieve synergies. For example, our hospitals benefit from a central IT data centre or pooled procurement contracts, allowing them to absorb price increases to a certain extent. We foresightedly secured our energy requirements with long-term contracts, meaning that we are not yet bearing the full brunt of the higher electricity and gas prices at present.

Our size also allows us to fund care budgets, which are billed at a defined care fee rate in line with planning before budgeting for the individual hospitals. These defined care fee rates are usually lower than the refundable costs, meaning that these excesses of our costs over the care fee rates paid accumulate as receivables until the end of the negotiations.

At our hospitals, we are observing that the prudent method of accounting for receivables from the care budgets that we selected in the previous years is proving appropriate. So far we have largely managed to conclude care budgets higher than the receivables recognized, which has generally

had an effect on both liquidity and earnings. At some of our hospitals, the care fee rate for the individual hospital has not yet been conclusively negotiated with the health insurance funds even for 2020. This means outstanding receivables for Asklepios which have already been pre-funded. In view of the provisions we have made and the existing liquidity reserve, we are also able to pre-fund these receivables. However, many market participants are finding this increasingly difficult.

To be able to ensure high-quality care in the future, too, real structural reform is needed. The focus needs to be on providing more regional care and a shift towards outpatient care. We can see this clearly in our growth in patients, which particularly results from the increase in outpatients. In addition, digitalization should be firmly incorporated in our healthcare system instead of just relying on initiatives by individual operators. We also need to think about the funding for healthcare services, which must be needs-based and future-oriented.

Thanks to our resilient foundations and the tireless dedication of our employees, we were able to achieve a stable economic performance again in the first nine months of the financial year despite the adverse conditions. Through innovative solutions, we minimize bureaucracy and allow our medical staff to go where they are most needed: to our patients. This is reflected in our treatment quality, convincing more and more people to entrust their health to us. From January to September 2022, we cared for more than 2.65 million patients in our healthcare facilities, around 250,000 more than in the same period of the previous year.

Politicians and medical providers now need to join forces to form the right framework for a successful future of the healthcare sector. We at Asklepios are always ready to engage in constructive dialogue.

Hamburg, 24 November 2022

Kind regards

Kai Hankeln
CEO

Hafid Rifi
CFO

Marco Walker
COO

Dr. med. Sara Sheikhzadeh
CMO

Joachim Gemmel
COO



B

Business performance in the third quarter of 2022

In the period from January to September 2022, the Asklepios Group's healthcare facilities cared for a total of 2,652,956 patients, 10.8% more than in the same period of the previous year (9M 2021: 2,395,112). This increase mainly resulted from outpatient care, where 2,089,150 people were treated (9M 2021: 1,840,977). The number of inpatients treated came to 563,806 (9M 2021: 554,135). The Asklepios Group employed 49,759 full-time equivalents on average in the first nine months of the year (9M 2021: 49,910).

Revenue increased by 3.1% to EUR 3,935.4 million in the third quarter of 2022 (9M 2021: EUR 3,818.8 million). The staff costs ratio was slightly higher than in the previous year at 65.6% (9M 2021: 65.5%). Absolute staff costs rose by 3.3% to EUR 2,582.9 million, chiefly due to general wage increases. The cost of materials ratio was 24.2% in the third quarter of 2022, slightly above the previous year (9M 2021: 24.0%). The other expenses ratio was on par with the previous year at 8.7% (9M 2021: 8.8%).

Overall, consolidated net income (EAT) for January to September 2022 amounted to EUR 104.9 million, which is higher than in the same period of the previous year (9M 2021: EUR 99.2 million). The return on revenue was impacted by

depreciation, amortisation and impairment of EUR 241.1 million (9M 2021: EUR 229.2 million) and negative net interest income of EUR 35.2 million (9M 2021: EUR 31.8 million). Income from equity investments amounted to EUR 10.2 million (9M 2021: EUR 4.5 million). The EAT margin came to 2.7% (9M 2021: 2.6%).

In the third quarter of 2022, net cash flow from operating activities fell to EUR 192.6 million (9M 2021: EUR 371.7 million). Investments including subsidies amounted to EUR 178.5 million (9M 2021: EUR 217.6 million). At EUR 121.1 million, the share of own funds was 67.8% in the third quarter of 2022 (9M 2021: 72.4%).

The Group's net debt amounted to EUR 1,371.1 million as at 30 September 2022 (31 December 2021: EUR 1,364.8 million). The ratio of net debt to EBITDA for the past 12 months was 3.1x (31 December 2021: 3.1x). Cash and cash equivalents amounted to EUR 728.4 million (31 December 2021: EUR 647.2 million) and unused credit facilities totalled EUR 769.2 million as at 30 September 2022. With financial reserves of EUR 1,497.6 million that can be realised in the short term, the Group has sufficient funds for liquidity reserves as well as to fund further corporate growth.

C

Forecast

The third quarter of 2022 was still impacted by the coronavirus pandemic, continued high infection rates overall and the associated scarcity of resources. On top of this, Russia's war of aggression on Ukraine led to increases in energy and raw material prices. In view of the general inflation, the shortage of qualified staff, the uncertain energy supply and uncertainties in the supply chain, we consider the general economic environment to be very challenging at present. Asklepios expects the situation in hospital operations to remain tense this winter and into 2023.

It therefore expects that the remainder of this financial year and the first few months of 2023 will still be dominated by the above challenges, which will also impact the business development of Asklepios Kliniken. However, due to the Group's size and the provisions it has made, Asklepios believes that it has a solid positioning overall for the fourth quarter of 2022 and also for 2023 and beyond. Although the hospital market is heavily influenced by regulatory decisions, Asklepios can generally respond to these quickly and flexibly. Nonetheless, Asklepios is continuing to urge rapid, unbureaucratic solutions from the government to ease the burden on German hospitals.



1

Consolidated income statement (unaudited)



EUR '000	9 months 2022	9 months 2021
Revenue	3,935,361	3,818,751
Other operating income	337,058	319,836
	4,272,419	4,138,587
Cost of materials	954,280	916,740
Staff costs	2,582,905	2,499,832
Other operating expenses	341,122	334,149
Operating result/EBITDA¹	394,111	387,865
Depreciation, amortisation and impairment of intangible assets, of financial assets and property, plant and equipment, and of right-of-use assets	241,080	229,247
Operating result/EBIT²	153,031	158,618
Income from equity investments	10,245	4,475
Net investment income	10,245	4,475
Interest and similar income	1,673	2,107
Interest and similar expenses	-36,867	-33,908
Net interest expenses	-35,194	-31,801
Net finance costs	-24,949	-27,326
Earnings before income taxes	128,082	131,292
Income taxes	-23,146	-32,125
Consolidated net profit	104,936	99,167
<i>of which attributable to the parent company</i>	87,146	82,518
<i>of which attributable to non-controlling interests</i>	17,790	16,649

¹ Operating earnings before interest, taxes and depreciation and amortisation

² Operating earnings before interest and taxes



2

Consolidated statement of comprehensive income (unaudited)

EUR '000	9 months 2022	9 months 2021
Consolidated net profit	104,936	99,167
Change in actuarial gains (+)/losses (-) from defined benefit pension commitments and similar obligations	184,993	59,263
Income taxes	-34,819	-10,208
Total changes in value not reclassified to profit or loss	150,174	49,056
Other comprehensive income (net of tax)	150,174	49,056
Total comprehensive income	255,110	148,223
<i>of which attributable to the parent company</i>	195,514	118,049
<i>of which attributable to non-controlling interests</i>	59,596	30,174

3

Consolidated statement of cash flows (unaudited)

EUR '000	9 months 2022	9 months 2021
Consolidated net profit	104,936	99,167
Gross cash flow (EBITDA)	394,111	387,865
Cash flow from operating activities/net cash flow	192,607	371,716
Cash flow from investing activities	-178,772	-152,675
Cash flow from financing activities	67,313	-69,844
Change in cash and cash equivalents	81,148	149,197
Cash and cash equivalents as at 1 January	647,204	548,491
Cash and cash equivalents as at 30 September	728,352	697,688



EUR '000	30 Sept. 2022	31 Dec. 2021
ASSETS		
Non-current assets		
Intangible assets	1,082,145	1,082,487
Property, plant and equipment	2,408,071	2,478,387
Right of use assets	371,627	405,317
Investments accounted for using the equity method	49,229	43,437
Financial assets	11,648	9,328
Receivables under German Hospital Financing Act	65,077	67,430
Other financial assets	1,440	1,670
Trade receivables	257	533
Other assets	89	61
Deferred taxes	91,716	127,981
Total non-current assets	4,081,298	4,216,631
Current liabilities		
Inventories	123,369	115,880
Receivables under German Hospital Financing Act	211,567	115,536
Trade receivables	839,770	738,709
Current income tax assets	25,218	19,321
Other financial assets	888,096	679,867
Other assets	47,834	24,087
Cash and cash equivalents	728,352	647,204
Total current assets	2,864,206	2,340,603
Assets held for sale	13,508	15,040
Total assets	6,959,012	6,572,274



EUR '000	30 Sept. 2022	31 Dec. 2021
EQUITY AND LIABILITIES		
Equity attributable to the parent company		
Issued capital	101	101
Reserves	1,280,016	1,088,616
Consolidated net profit	87,146	82,459
Non-controlling interests	625,876	575,681
Total equity	1,993,139	1,746,857
Non-current liabilities		
Trade payables	88	59
Financial liabilities	2,138,415	2,021,357
Lease liabilities	328,740	362,454
Pensions and similar obligations	148,864	330,729
Other provisions	306,541	314,892
Liabilities under German Hospital Financing Act	39,267	39,543
Deferred taxes	55,429	54,231
Other financial liabilities	48,750	47,149
Other liabilities	7,767	8,617
Total non-current liabilities	3,073,862	3,179,032
Current liabilities		
Trade payables	113,296	115,644
Financial liabilities	183,020	157,623
Lease liabilities	68,924	67,631
Pensions and similar obligations	3,345	7,827
Other provisions	417,698	389,625
Current income tax liabilities	24,681	26,201
Liabilities under German Hospital Financing Act	409,801	265,868
Other financial liabilities	196,813	209,465
Other liabilities	471,893	396,920
Total current liabilities	1,889,472	1,636,804
Debts associated with assets held for sale	2,540	9,580
Total equity and liabilities	6,959,012	6,572,274



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