

INTERIM REPORT

Q1 2020

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

LETTER TO SHAREHOLDERS

Dear Ladies and Gentlemen,
Dear Shareholders,

In the first quarter of 2020 the day-to-day business at RHÖN-KLINIKUM AG has been marked at once by two unexpected events: the COVID-19 pandemic and the announcement of a takeover offer by Asklepios Kliniken GmbH & Co. KGaA.

The pandemic has presented RHÖN-KLINIKUM AG – like the sector as a whole – with many different medical, organisational and also financial challenges. For all justified recognition of good will, of how quickly those responsible acted and the overall right decisions that were made, it has nonetheless laid bare many systemic and structural deficits. Even if we may assume that the healthcare sector will be dealing with this pandemic for some time to come, we should soon have a discussion about how we can improve the interfaces between public healthcare provision, community-based practitioners, hospital operators (whether privately or publicly owned) and governmental authorities at the EU, federal and federal state levels.

That also means having a discussion on how we can more closely integrate the scientific findings, data collection and their timely evaluation, both in substance and temporally, with the prevention tasks of the State and its duty of care for citizens, but especially also for healthcare workers. Without question, it has to be acknowledged how quickly those responsible at the federal and federal state levels took deregulation and innovation measures so as to best cope with the wide-ranging social, legal and financial consequences.

Best possible preparation for the COVID-19 pandemic

With its five maximum and intermediate care hospital sites, RHÖN-KLINIKUM AG made the best possible preparations for the COVID-19 pandemic at an early stage. In addition to crisis

teams at the individual sites, a Group-wide task force was established to respond to day-to-day developments with the pandemic and also to be prepared for the rising number of COVID-19 patients. Wherever medically acceptable, elective procedures were postponed to keep intensive care beds free for COVID-19 patients. Of the roughly 5,300 beds available throughout the Group, currently some 430 intensive care beds are equipped with ventilation capabilities.

Thanks to our scientifically and clinically highly reputed doctors and researchers from the fields of virology, pneumology, intensive care medicine and hospital hygiene – both at our university hospital Universitätsklinikum Gießen und Marburg (UKGM) and at our hospitals in Bad Berka, Bad Neustadt and Frankfurt (Oder) – we have the privileged position as a hospital network of being able to contribute the latest medical research findings and the highest standard of clinical expertise in patient care.

The COVID-19 pandemic underscores the importance of digitalisation in medical care in many different ways. Thus, as one example of the way in which digital technology can help with patient flows in the current COVID-19 pandemic, a new and innovative web app COVID Online was very quickly developed under the initiative of Prof. Dr. Martin Hirsch, Professor of Artificial Intelligence in Medicine at Philipps University Marburg. The purpose of this app is to enable a fast personal COVID check and improve patient care in cooperation with doctor's practices, first responders and the university hospital. The potentials of telemedicine, which we are looking to use as early as this year with the establishment of our joint venture Medgate Deutschland, also became clear in the pandemic and has been emphasised by many experts and opinion leaders.

Technology is an important tool. Most important of all, however, are our highly committed and competent doctors and nurses looking after our patients in this difficult situation with the utmost care, dedication and empathy. Another important role is played by the administrative and commercial areas, which in addition to the regulatory wave in the sector also have to shoulder additional burdens in the short term. I would like to take the opportunity here to express my sincere thanks to all of them.

Additional costs not covered by relief packages

With regard to the relief measures brought in by the German Government for hospitals, my fears voiced in public on many occasions that these alone will not be enough are being confirmed.

On the one hand it is clear that in particular the relief payment of € 560 per day and bed granted by the legislature for the two university hospitals in Giessen and Marburg intended to cover the operating costs of keeping available beds will not remotely suffice. On the other hand, RHÖN-KLINIKUM AG and the Hospital Association have put the investment requirement for additional ICU beds at € 85,000 to € 100,000, which makes it clear that the € 50,000 provided for by the federal relief package falls well short. This in no way covers the additional costs.

We are also observing with great concern that far fewer patients who should be visiting the emergency outpatients department given the severity of their conditions, such as heart attack and stroke, are avoiding being admitted there out of fear of being infected by the virus. Whilst fully understanding the precautionary measures of politicians during the pandemic, we urgently need to gradually return to normal in medical care and to normal clinical operations, since particularly our sites are not part of the current epicentres of the pandemic. Otherwise we run the real risk of more patients being put at a serious health risk as an indirect consequence of the COVID-19 pandemic than by the pandemic directly.

We have demonstrated impressively that are able to act quickly and in a way appropriate to the situation at hand both medically and organisationally and are therefore also pleased with the statements made by the Federal Health Minister at a recent site visit who referred to our professionalism as exemplary.

Focus of attention on dealing with economic impact of COVID-19 pandemic

In addition to providing the best possible medical care for our patients, attention is also being focused on coping with the economic impact of the COVID-19 pandemic. It is not yet possible to make a sufficiently reliable final assessment of the impact on our core business, primarily owing to the fact that it is still unclear to what extent the respective federal states want to make contributions for the hospital operators. Against this background we make our planning conditional on any impacts of the COVID-19 pandemic.

Takeover bid – offer price of € 18 (reasonable)

The announcement of the takeover offer by Asklepios Kliniken GmbH & Co. KGaA reached us at the end of February 2020. After the final offer document was made available at the beginning of April 2020, the Board of Management and the Supervisory Board of RHÖN-KLINIKUM AG carefully reviewed the offer document and commented on the same in separate reasoned statements.

In this regard the Board of Management reached the conclusion that the offer price of € 18 per share is reasonable. A final assessment of the other factors and synergies was possible only to limited extent given the of limited information provided in the present offer. For more information, please refer to the published statement.

In connection with the takeover offer, we expect associated expenses arising from necessary consultancy services within a range of between € 6 million and € 7 million. The earnings contribution of the first quarter is roughly € 5.4 million.

I now draw your attention to the performance of the first quarter: compared with the same period last year, we succeeded in raising revenues by 2.6% to € 332.6 million in the first three months. At € 13.9 million, EBITDA fell short of the previous year's level. The EBITDA margin was 4.2%, after 8.9% in the same period of the previous year. Taking account of depreciation/amortisation and financing costs, EBITDA resulted in a consolidated result of -€ 4.4 million after € 8.9 million in the previous year.

Improvement measures consistently implemented

During the reporting year, we continued to work on the still unsatisfactory efficiency of the OR, beds, duration of stay and discharge management. In view of the pandemic, however, we were not able to devote the requisite level of attention to these issues. Our efforts are moreover being focused on optimising the administrative structures at the sites and at our headquarters. With both approaches, we want to counter the high financial burdens arising, among other things, from the regulation of the nursing field.

For RHÖN-KLINIKUM AG, as for the entire sector, the year 2020 will prove to be a difficult one economically given the huge negative impacts from the wave of regulation from legislation looming on the horizon, the not fully foreseeable development of the COVID-19 pandemic and the financial burdens arising from the takeover offer.

We are convinced that by further pursuing the Group's digitalisation efforts, our entry into the growth market of telemedicine and innovative care offerings such as the patient-centred campus concept we will succeed in overcoming this unfavourable market phase.

With kind regards,

RHÖN-KLINIKUM Aktiengesellschaft

Yours sincerely,
Stephan Holzinger
Chairman of the Board of Management

THE RHÖN-KLINIKUM SHARE

The share of RHÖN-KLINIKUM AG ended the first quarter at a XETRA price of € 17.80, after climbing by 1.8% over the first three months of financial year 2020.

RHÖN-KLINIKUM share		
ISIN	DE0007042301	
Ticker symbol	RHK	
Registered share capital (€)	167,406,175	
Number of shares	66,962,470	
Share prices (€)	1 Jan.-31 Mar. 2020	1 Jan.-31 Dec. 2019
Closing price	17.80	17.48
High	18.44	27.20
Low	14.72	17.48
	31 Mar. 2020	31 Dec. 2019
Market capitalisation (€ m)	1,191.93	1,170.50
Deutsche Börse index ranking	160	164

Over the same period, the German leading index DAX® recorded a decline of 25.0% and ended the first quarter of 2020 at 9,936 points. The second-tier index SDAX® fell by 26.1%. The EURO STOXX 50® and EURO STOXX Healthcare® lost 25.7% and 15.5%, respectively.

RHÖN-KLINIKUM share in comparison with the SDAX®



Source: XETRA®, stock performance indexed (2 January 2020 = 100)

After the equity markets rose in 2019, the global stock markets came under pressure from the end of February 2020 as a result of the COVID-19 pandemic and in some cases sustained heavy losses.

On 28 February 2020, RHÖN-KLINIKUM AG was informed that Asklepios Kliniken GmbH & Co. KGaA intends to submit to the shareholders of RHÖN-KLINIKUM AG a voluntary public takeover offer for all the Company's shares in issue in return for monetary consideration of € 18.00 per share. The price of the RHÖN share then rose on 28 February 2020 to the offer price announced in the takeover offer of € 18.00 per share. During the month of March 2020, the RHÖN share, with several sideways movements, was at or slightly below or above the level of the offer price of € 18.00 per share.

The geo- and macropolitical distortions brought about by the COVID-19 pandemic had much less impact on the price of the RHÖN share as a result of the announced takeover offer. Unlike the double-digit percentage losses recorded by the indices specified, the RHÖN share gained slightly over the first quarter.

GROUP INTERIM REPORT

REPORT ON THE FIRST QUARTER OF FINANCIAL YEAR 2020

- The first quarter of 2020 was marked by the impact of the COVID-19 pandemic and the announced takeover offer by Asklepios Kliniken GmbH & Co. KGaA.
- In the first three months of financial year 2020 we treated 211,788 patients in our hospitals and medical care centres, generating revenues of € 332.6 million, EBITDA of € 13.9 million and consolidated result of - € 4.4 million.
- The target for financial year 2020 is conditional on the impacts of the COVID-19 pandemic.
- Reasoned statements by the Board of Management and the Supervisory Board regarding the takeover offer by Asklepios Kliniken GmbH & Co. KGaA were published on 22 April 2020.

BASIC PRINCIPLES OF THE RHÖN-KLINIKUM GROUP

The condensed interim consolidated financial statements of RHÖN-KLINIKUM AG for the year ended 31 March 2020 have been prepared in accordance with the provisions of IAS 34 in condensed form, and applying section 315e of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are the subject of mandatory adoption in accordance with the Regulation No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union in financial year 2020.

The accounting policies applied, to the extent already applied in financial year 2019 and consistently applied in financial year 2020, are set out in detail in the Consolidated Financial Statement of RHÖN-KLINIKUM AG as at 31 December 2019. The accounting policies applicable for the first time in financial year 2020 are explained in the

Condensed Notes to this Interim Report. These will have the effects as stated in the Condensed Notes on the net assets, financial position and results of operations of the Group of RHÖN-KLINIKUM AG.

In accordance with IAS 33, earnings per share were determined according to the weighted average number of ordinary shares outstanding on a pro rata temporis basis.

If data are provided below on individual companies, these are values before consolidation. For computational reasons, rounding differences of ± one unit (€, %, etc.) may occur in the tables.

CORPORATE GOVERNANCE

The composition of our Board of Management and Supervisory Board has remained unchanged since the 2019 Annual Report.

The notifications pursuant to section 33 et seq. of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) received in the first three months of financial year 2020 are presented in the Notes to this Financial Report. We refer to our website for a detailed list of the notifications.

During the reporting period, RHÖN-KLINIKUM AG received no notifications pursuant to section 38 WpHG and no notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014.

The Declaration on Corporate Governance, the Declaration of Compliance pursuant to section 161 of the company law (Aktiengesetz, AktG) and the Corporate Governance Report jointly issued by the Board of Management and the Supervisory Board were updated in the first quarter of 2020 and published on our website. All other elements of our corporate constitution have remained unchanged during the financial year to date. In this regard we refer to our explanations provided in the Management Report of the Consolidated Financial Statements of financial year 2019.

ECONOMIC REPORT

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

The German economy has suffered a severe slump as a result of the COVID-19 pandemic. Whereas in January 2020 an economic upswing was still being felt, the negative impacts of the pandemic became increasingly clear in February 2020 as supply chains were interrupted by production declines in China. Sentiment amongst German companies has seen an extraordinary decline. After 96.0 points in February 2020, the ifo business climate index plunged to 86.1 points in March 2020, its lowest level since July 2009. According to the German Government, economic output in financial year 2020 is likely to contract by an extraordinary 6.3% in financial year 2020 compared with the previous year.

The German legislature responded to the COVID-19 pandemic with many different pieces of legislation and regulations. Of

particular relevance for the healthcare industry is the Act Compensating COVID-19-Related Financial Burdens of Hospitals and Other Healthcare Facilities (COVID-19 Hospital Relief Act (COVID-19-Krankenhausentlastungsgesetz)). The Act, which took effect on 28 March 2020, provides for various measures such as relief payments of € 560.00 per day for every hospital bed available compared with the average of the previous year, lump sum amounts of € 50,000.00 for newly created intensive care beds, a limited-term lump sum of € 50.00 per full inpatient or semi-inpatient patients for the additional costs of personal protective equipment (PPE), as well as fixing the nursing remuneration value at € 185.00 with the option of renegotiation. This package of measures is intended to mitigate the negative financial consequential effects of the COVID-19 pandemic to rescue existing hospitals. Furthermore, individual federal states have adopted their respective regulations, significantly restricting elective services. State regulatory requirements coupled with the general restrictions on public life have meant that patients have reduced their visits to hospitals and medical facilities to a bare minimum.

The measures outlined above are not exhaustive and will be supplemented by additional legislation and regulations.

BUSINESS PERFORMANCE OF THE FIRST THREE MONTHS

Overall statement on economic position

January to March	2020	2019	Change	
	€ m	€ m	€ m	%
Revenues	332.6	324.2	8.4	2.6
EBITDA	13.9	28.7	-14.8	-51.6
EBIT	-3.0	11.1	-14.1	-127.0
EBT	-4.0	10.7	-14.7	-137.4
Consolidated result	-4.4	8.9	-13.3	-149.4

The first quarter of financial year 2020 was marked by the COVID-19 pandemic and the announcement of a takeover offer by Asklepios Kliniken GmbH & Co. KGaA.

With revenues up by € 8.4 million (2.6%), we record a decline in EBITDA by € 14.8 million or 51.6% to € 13.9 million, a decline in EBIT by € 14.1 million or 127.0% to -€ 3.0 million, as well as a decline in consolidated profit by € 13.3 million or 149.4% to -€ 4.4 million in the first three months of 2020 compared with the same period last year.

In this regard the only limited comparability of the figures of the first quarter of 2020 with the same period last year has to be noted. First of all, the same period of the previous year included one-off effects from the agreement reached on remuneration of the university outpatient units to the tune of € 6.2 million. Secondly, the key figures of the first quarter of 2020 include transaction-related expenses in the amount of € 5.4 million. Further discrepancies result from the new nursing regulation applicable from financial year 2020 and the impact of the COVID-19 pandemic.

Development in service volumes

Since 31 December 2019 there have been minor changes in the number of approved beds as part of our acute-inpatient capacities:

	Hospitals	Beds
As at 31 December 2019	8	5,312
Change in capacities	-	-8
As at 31 March 2020	8	5,304

As at 31 March 2020, we operate seven medical care centres with a total of 48.75 specialist practices:

	Medical care centres	Specialist practices
As at 31 December 2019	7	47.50
Opened/acquired		
MVZ Marburg	-	1.00
MVZ Bad Berka	-	0.50
Disposals		
MVZ Bad Berka	-	-0.25
As at 31 March 2020	7	48.75

With effect from 1 April 2020, a further medical care centre was established at the Bad Neustadt an der Saale site.

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

January to March	2020	2019	Change	
			absolute	%
Inpatient and semi-inpatient treatments at our acute hospitals rehabilitation hospitals and other facilities	52,004	53,514	-1,510	-2.8
	1,267	1,169	98	8.4
	53,271	54,683	-1,412	-2.6
Outpatient treatments at our acute hospitals medical care centres	112,237	117,571	-5,334	-4.5
	46,280	46,670	-390	-0.8
	158,517	164,241	-5,724	-3.5
Total	211,788	218,924	-7,136	-3.3

The number of inpatient and semi-inpatient treatments is down -1,412 or -2.6%. This is attributable in particular to declining elective service volumes. Added to that was the impact of the COVID-19 pandemic on the outpatient area.

Results of operations

Consolidated performance figures developed as shown below:

January to March	2020	2019	Change	
	€ m	€ m	€ m	%
Income				
Revenues	332.6	324.2	8.4	2.6
Other income	50.2	43.9	6.3	14.4
Total	382.8	368.1	14.7	4.0
Expenses				
Materials and consumables used	105.5	96.0	9.5	9.9
Employee benefits expense	223.7	213.6	10.1	4.7
Other expenses	39.3	29.7	9.6	32.3
Result of impairment on financial assets	0.4	0.1	0.3	300.0
Total	368.9	339.4	29.5	8.7
EBITDA	13.9	28.7	-14.8	-51.6
Depreciation/amortisation and impairment	16.9	17.6	-0.7	-4.0
EBIT	-3.0	11.1	-14.1	-127.0
Finance result	-1.0	-0.4	-0.6	150.0
EBT	-4.0	10.7	-14.7	-137.4
Income taxes	0.4	1.8	-1.4	-77.8
Consolidated result	-4.4	8.9	-13.3	-149.4

Compared with the same period last year, revenues witnessed a rise of € 8.4 million or 2.6%. As in the same period of the previous year, revenue figures include income from the invoicing of an additional remuneration component for the medicamentous treatment of spinal muscle atrophy as well as income from the invoicing of an additional remuneration component for the treatment of multiple sclerosis. The above supplementary fees are remunerated along with the pure

DRGs (diagnosis related groups) and negatively impact the materials and consumables used item by the same amount. Revenues further include cost reimbursements for cancer immunotherapies which were applied for the first time in the second quarter of financial year 2019 and negatively impact the materials and consumables used item by the same amount. The first three months of 2019 were moreover helped by revenues from our university outpatient units not attributable to the period under review.

The rise in other income by € 6.3 million or 14.4% is essentially attributable to the higher income from ancillary and incidental activities resulting among other things from higher sales of drugs and cytostatics.

January to March	2020 %	2019 %
Materials ratio	31.7	29.6
Personnel ratio	67.2	65.9
Other cost ratio	11.8	9.1
Depreciation/amortisation and impairment ratio	5.1	5.5
Finance result ratio	-0.3	-0.1
Effective tax ratio	0.1	0.5

Compared with the same period last year, the increase in materials and consumables witnessed a rise in the first three months of 2020, disproportionate to the rise in revenues, by € 9.5 million or 9.9%. Here it has to be noted that prices for items needed for treating COVID-19 patients, such as personal protective equipment (PPE), have increased hugely/many times over and that the relief measures of German Government or the reimbursement amounts triggered by the COVID-19 pandemic are not even remotely sufficient to cover the costs. The cost-of-materials ratio climbed from 29.6% to 31.7%. Materials and consumables used moreover includes expenditures for the medicamentous treatment of spinal muscle atrophy, multiple sclerosis, and for the first time from the second quarter of 2019 expenses for cancer immunotherapies (CAR T-cell therapy) which are remunerated in the same amount and reported under revenues or other income. Adjusted for this effect, the materials ratio increased from 27.7% to 29.7%.

In addition to a rise in the number of employees, general wage increases had an increasing effect on the employee benefits expense compared with the same period of the previous year. The personnel expense ratio rose from 65.9% to 67.2%.

The other expense ratio rose from 9.1% to 11.8%. The rise in particular includes expenses from the initial recognition of consultancy services relating to the takeover offer by Asklepios Kliniken GmbH & Co. KGaA amounting to € 5.4 million.

The negative result from the impairment on financial assets in the amount of € 0.4 million (previous year: € 0.1 million) results from the adoption of IFRS 9, which among other things governs the future expected losses of financial assets. The rise is attributable to higher estimate for risks of default as a result of the COVID-19 pandemic.

The depreciation/amortisation and impairment item declined compared with the same period of the previous year by € 0.7 million or 4.0% to € 16.9 million. The decline relates to the Campus Bad Neustadt being put into service at the turn of the year 2018/2019. The depreciation/amortisation and impairment ratio declined from 5.5% to 5.1%.

In the first three months of financial year 2020, the negative finance result increased by € 0.6 million to € 1.0 million. This was essentially attributable to finance expenses in connection with the registered bond issued in July 2019.

The income tax expense item declined by € 1.4 million compared with the same period last year. The decline is the result of a lower tax assessment basis with an unchanged rate of taxation.

Compared with the first three months of financial year 2019, our consolidated result declined from + € 8.9 million by € 13.3 million to - € 4.4 million.

Non-controlling interests in profit declined compared with the same period last year by

€ 0.5 million to € 0.1 million (previous year: € 0.6 million).

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first three months of 2020 declined by € 12.8 million to -€ 4.5 million (previous year: € 8.3 million) compared with the same period last year. The interest in profit of the shareholders corresponds to earnings per share of -€ 0.07 (previous year: € 0.12) in accordance with IAS 33 (undiluted/diluted).

The total result (sum of consolidated result and other earnings) stood at -€ 4.3 million (previous year: € 9.0 million) in the first three months of financial year 2020.

Net assets and financial position

	31 Mar. 2020		31 Dec. 2019	
	€ m	%	€ m	%
ASSETS				
Non-current assets	1,066.2	65.4	1,068.9	65.5
Current assets	563.2	34.6	563.0	34.5
	1,629.4	100.0	1,631.9	100.0
EQUITY AND LIABILITIES				
Equity	1,181.5	72.5	1,185.8	72.7
Long-term loan capital	179.2	11.0	183.8	11.3
Short-term loan capital	268.7	16.5	262.3	16.0
	1,629.4	100.0	1,631.9	100.0

Compared with the balance sheet date of 31 December 2019, the balance sheet total declined slightly by € 2.5 million or 0.2% to € 1,629.4 million (31 December 2019: € 1,631.9 million), essentially as a result of the negative consolidated profit of the first three months of financial year 2020.

The equity capital ratio saw a slight decline compared with the last reporting date, from 72.7% to 72.5%, and remains at a very high level.

The change in equity as at the last reporting date is shown in the following table:

Equity	2020			2019
	Shareholders € m	Non-controlling interests € m	Total € m	Total € m
As at 1 January	1,161.5	24.3	1,185.8	1,159.2
Equity transactions with owners	-	-	-	-
Total comprehensive income of the period	-4.4	0.1	-4.3	9.0
Other changes	-	-	-	-
As at 31 March	1,157.1	24.4	1,181.5	1,168.2

As at 31 March 2020, equity stands at € 1,181.5 million (31 December 2019: € 1,185.8 million). The decline in equity capital compared with the reporting date of 31 December 2019 by € 4.3 million results from negative consolidated result for the first three months of 2020 (€ 4.4 million), gains from the change in the fair value through other comprehensive income (FVOCI) (€ 0.1 million) and gains from the revaluation of defined benefit pension plans.

127.6% (31 December 2019: 128.1%) of non-current assets is nominally covered by equity and non-current liabilities at matching maturities. As at 31 March 2020, we report net liquidity of € 47.8 million (31 December 2019: € 65.4 million). Our net liquidity is calculated as follows:

	31 Mar. 2020	31 Dec. 2019
	€ m	€ m
Current cash	125.6	128.0
Current fixed term deposits	74.6	89.8
Non-current fixed term deposits	19.8	19.8
Cash, fixed term deposits	220.0	237.6
Current financial liabilities	1.7	0.9
Non-current financial liabilities	158.3	158.3
Liabilities under leases	12.2	13.0
Financial liabilities	172.2	172.2
Net liquidity	47.8	65.4

Including assets and liabilities held for sale

The origin and appropriation of our liquidity are shown in the following overview:

January to March	2020 € m	2019 € m
Cash used in operating activities	-0.7	-16.3
Cash used in investing activities	-0.8	-40.9
Cash used in financing activities	-0.9	-0.8
Change in cash and cash equivalents	-2.4	-58.0
Cash and cash equivalents at 1 January	128.0	132.3
Cash and cash equivalents at 31 March	125.6	74.3

Cash and cash equivalents diminished in the first three months of 2020 by € 2.4 million (first three months of 2019 decrease by € 58.0 million). In this context, an operating cash flow was achieved in the amount of -€ 0.7 million (previous year: -€ 16.3 million).

Investments

Aggregate investments of € 17.0 million (previous year: € 42.4 million) in the first three months of financial year 2020 are shown in the following table:

	Use of		Total € m
	Gov't grants € m	Own funds € m	
Current investments	3.0	14.0	17.0
Takeovers	-	0.0	0.0
Total	3.0	14.0	17.0

Of these investments made in the first three months of 2020, € 3.0 million (previous year: € 1.8 million) was attributable to investments funded from grants under hospital financing legislation and deducted from total investments pursuant to the relevant provisions of IFRS.

An analysis of our investments financed from Company funds by site is given below:

	€ m
Gießen, Marburg	4.9
Bad Neustadt a. d. Saale	6.9
Frankfurt (Oder)	1.4
Bad Berka	0.8
Total	14.0

The agreement with the Federal State of Hesse in connection with the financing of the services to be rendered for research and teaching at the Group's university hospitals provides for investment commitments in the amount of € 100.0 million until 2021. As at the balance sheet date of 31 March 2020, these investment obligations were fully met. There are also further obligations relating to building modernisation and extension measures at the Giessen and Marburg sites.

As at the balance sheet date, we do not have any investment obligations under company acquisition agreements entered into.

Employees

Employees	1 Mar. 2020	1 Dec. 2019	Change	
			absolute	%
Hospitals	16,098	16,112	-14	-0.1
Medical care centres	299	296	3	1.0
Service companies	1,693	1,734	-41	-2.4
Total	18,090	18,142	-52	-0.3

On 31 March, the Group employed 18,090 persons (31 December 2019: 18,142).

RISKS AND OPPORTUNITIES

The risk management system in place as well as the individual Company risks and opportunities are described in the Annual Report 2019 on pages 78 to 83. The statements there essentially continue to apply unchanged. With the COVID-19 pandemic our focus, in addition to providing the best possible medical care for our patients, is on coping with the economic impact. It is not currently possible to make a sufficiently reliable final assessment of the impact on our core business for 2020. We do not see any risks posing a threat to the Company's existence, neither for the individual subsidiaries nor for the Group.

PUBLIC TAKEOVER OFFER BY ASKLEPIOS KLINIKEN GMBH & CO. KGAA

Asklepios Kliniken GmbH & Co. KGaA, Hamburg, has informed RHÖN-KLINIKUM Aktiengesellschaft that it intends to submit to the shareholders of RHÖN-KLINIKUM Aktiengesellschaft a voluntary public takeover offer for all the Company's shares in issue in return for monetary consideration of € 18.00 per share. The corresponding voluntary takeover offer was made available on 8 April 2020.

The Board of Management and the Supervisory Board of RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a. d. Saale, on 22 April 2020 each commented on the voluntary public takeover offer of Asklepios Kliniken GmbH & Co. KGaA published on 8 April 2020 in separate reasoned statements submitted to the shareholders of RHÖN-KLINIKUM Aktiengesellschaft pursuant to section 27 (1) of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG).

Based on its own independent review, the Board of Management considers the overall amount of consideration, based on the offer price per RHÖN-KLINIKUM share, to be reasonable.

The Supervisory Board regards the offer price to be reasonable from a financial viewpoint.

For the further information, we refer to the publication on the Internet at www.rhoen-klinikum-ag.com/uebernahmeangebot.

Bad Neustadt a. d. Saale, 7 May 2020

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Stephan Holzinger

Dr. Gunther K. Weiß

FORECAST

For the current financial year 2020, we continue to expect revenues of € 1.4 billion within a range of plus or minus 5%. For earnings before interest, tax and depreciation/amortisation (EBITDA), we continue to expect a level of between € 72.5 million and € 82.5 million.

It is not yet possible to make a sufficiently reliable final assessment of the impact the COVID-19 pandemic will have on our core business, primarily owing to the fact that it is still unclear to what extent the respective federal states intend to make contributions for the hospital operators. Against this background we make our planning conditional on any impacts of the COVID-19 pandemic.

Our outlook is further subject to any regulatory measures impacting our remuneration structure in 2020.

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Consolidated Income Statement and Consolidated Statement of Comprehensive Income, January to March 2020

January to March	2020		2019	
	€ '000	%	€ '000	%
Revenues	332,613	100.0	324,211	100.0
Other income	50,165	15.1	43,915	13.5
	382,778	115.1	368,126	113.5
Materials and consumables used	105,488	31.7	96,027	29.6
Employee benefits expense	223,657	67.2	213,622	65.9
Other expenses	39,326	11.8	29,634	9.1
Result from impairment on financial assets	451	0.2	117	0.0
	368,922	110.9	339,400	104.6
Interim result (EBITDA)	13,856	4.2	28,726	8.9
Depreciation/amortisation and impairment	16,901	5.1	17,582	5.5
Operating result (EBIT)	-3,045	-0.9	11,144	3.4
Result of investments accounted for using the equity method	25	0.0	24	0.0
Finance income	72	0.0	34	0.0
Finance expenses	-835	-0.3	-598	-0.1
Result of impairment on financial investments	-202	0.0	92	0.0
Finance result (net)	-940	-0.3	-448	-0.1
Earnings before taxes (EBT)	-3,985	-1.2	10,696	3.3
Income taxes	388	0.1	1,756	0.5
Consolidated result	-4,373	-1.3	8,940	2.8
of which				
non-controlling interests	74	0.0	610	0.2
shareholders of RHÖN-KLINIKUM AG	-4,447	-1.3	8,330	2.6
Earnings per share in €				
undiluted	-0.07		0.12	
diluted	-0.07		0.12	

January to March	2020	2019
	€ '000	€ '000
Consolidated result	-4,373	8,940
of which		
non-controlling interests	74	610
shareholders of RHÖN-KLINIKUM AG	-4,447	8,330
Changes in fair value through other comprehensive income (FVOCI)	93	93
Income taxes	-15	-15
Other comprehensive income (changes in fair value through other comprehensive income) not subsequently reclassified to income statement	78	78
Revaluation of defined benefit pension plans	14	- 24
Income taxes	-2	4
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	12	- 20
Other comprehensive income¹	90	58
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	90	58
Total comprehensive income	-4,283	8,998
of which		
non-controlling interests	74	610
shareholders of RHÖN-KLINIKUM AG	-4,357	8,388

¹ Sum of value changes recognised at equity.

Consolidated Balance Sheet as at 31 March 2020

	31 March 2020		31 December 2019	
	€ '000	%	€ '000	%
ASSETS				
Non-current assets				
Goodwill and other intangible assets	178,449	11.0	178,128	10.9
Property, plant and equipment	854,729	52.5	858,151	52.6
Investment property	2,314	0.1	2,349	0.2
Investments accounted for using the equity method	412	0.0	388	0.0
Deferred tax assets	914	0.0	626	0.0
Other financial assets	29,381	1.8	29,290	1.8
	1,066,199	65.4	1,068,932	65.5
Current assets				
Inventories	29,753	1.8	28,437	1.7
Trade receivables	220,678	13.6	226,606	13.9
Other financial assets	163,945	10.1	167,928	10.3
Other assets	21,747	1.3	10,479	0.7
Current income tax assets	1,479	0.1	1,482	0.1
Cash and cash equivalents	125,619	7.7	127,694	7.8
Held-for-sale assets	-	-	361	0.0
	563,221	34.6	562,987	34.5
	1,629,420	100.0	1,631,919	100.0
EQUITY AND LIABILITIES				
Equity				
Issued share capital	167,406	10.3	167,406	10.3
Capital reserve	574,168	35.2	574,168	35.2
Other reserves	415,649	25.5	420,006	25.7
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,157,147	71.0	1,161,504	71.2
Non-controlling interests in equity	24,379	1.5	24,305	1.5
	1,181,526	72.5	1,185,809	72.7
Non-current liabilities				
Financial liabilities	158,342	9.7	158,315	9.7
Provisions for post-employment benefits	1,771	0.1	1,642	0.1
Other financial liabilities	19,108	1.2	23,807	1.5
	179,221	11.0	183,764	11.3
Current liabilities				
Financial liabilities	1,674	0.1	943	0.1
Trade payables	77,439	4.7	84,451	5.2
Current income tax liabilities	15,934	1.0	16,417	1.0
Other provisions	13,983	0.9	14,029	0.8
Other financial liabilities	37,366	2.3	35,087	2.1
Other liabilities	122,277	7.5	111,328	6.8
Held-for-sale liabilities	-	-	91	0.0
	268,673	16.5	262,346	16.0
	1,629,420	100.0	1,631,919	100.0

Consolidated Statement of Changes in Equity, January to March 2020

	Issued share capital	Capital reserve	Retained earnings	Treasury shares	Equity attributable to shareholders of RHÖN- KLINIKUM AG	Non-controlling interests in equity ¹	Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
As at 31 Dec. 2018/1 Jan. 2019	167,406	574,168	393,821	-76	1,135,319	23,903	1,159,222
Equity transactions with owners							
Dividend payments	-	-	-	-	-	-	-
Consolidated result	-	-	8,330	-	8,330	610	8,940
Other comprehensive income	-	-	58	-	58	-	58
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 31 March 2019	167,406	574,168	402,209	-76	1,143,707	24,513	1,168,220
As at 31 Dec. 2019/1 Jan. 2020	167,406	574,168	420,006	-76	1,161,504	24,305	1,185,809
Equity transactions with owners							
Dividend payments	-	-	-	-	-	-	-
Consolidated result	-	-	-4,447	-	-4,447	74	-4,373
Other comprehensive income	-	-	90	-	90	-	90
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 31 March 2020	167,406	574,168	415,649	-76	1,157,147	24,379	1,181,526

¹ Including other comprehensive income (OCI).

Consolidated Statement of Cash Flows, January to March 2020

January to March	2020	2019
	€ m	€ m
Earnings before taxes	-4.0	10.7
Finance result (net)	0.9	0.4
Depreciation/amortisation and impairment and gains/losses on disposal of assets	16.9	17.4
	13.8	28.5
Change in net current assets		
Change in inventories	-1.3	2.6
Change in trade receivables	5.9	-24.1
Change in other financial assets and other assets	-22.8	-22.0
Change in trade payables	-4.6	-15.5
Change in other net liabilities/other non-cash transactions	9.5	15.5
Change in provisions	0.1	-0.1
Income taxes paid	-1.2	-1.1
Interest paid	-0.1	-0.1
Cash used in operating activities	-0.7	-16.3
Investments in property, plant and equipment and in intangible assets	-19.1	-43.0
Government grants received to finance investments in property, plant and equipment and in intangible assets	3.0	3.7
Change in investments in fixed term deposits	15.0	0.0
Investments in financial assets	0.1	-2.3
Acquisition of subsidiaries, net of cash acquired	0.0	0.3
Sale proceeds from disposal of assets	0.2	0.4
Interest received	0.0	0.0
Cash used in investing activities	-0.8	-40.9
Payments for leases	-0.9	-0.8
Cash used in financing activities	-0.9	-0.8
Change in cash and cash equivalents	-2.4	-58.0
Cash and cash equivalents at 1 January	128.0	132.3
Cash and cash equivalents at 31 March	125.6	74.3

Condensed Notes

GENERAL INFORMATION

RHÖN-KLINIKUM AG and its subsidiaries build, acquire and operate primarily acute-care hospitals of all categories, with the focus being on cutting-edge medicine oriented towards maximum care with a direct tie-in to universities and research facilities. At some sites, rehabilitation services are also offered for selected medical disciplines to complement existing acute inpatient offerings. Moreover, outpatient structures in the form of medical care centres are also offered. Currently, efforts are moving ahead apace for entry into the telemedicine field. We provide our services exclusively in Germany.

The Company is a stock corporation established under German law and has been listed on the stock market (SDAX®) since 1989. The registered office of the Company is in Bad Neustadt a.d. Saale, Salzburger Leite 1, Germany. The Company is entered in the Commercial Register of the Register Court of Schweinfurt under HRB 1670.

The Interim Consolidated Financial Statements will be published on 7 May 2020 on the website of RHÖN-KLINIKUM AG as well as with Deutsche Börse.

ACCOUNTING POLICIES

The Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG as at 31 March 2020 have been prepared in accordance with the rules of IAS 34 in condensed form applying Section 315e of the German Commercial Code (Handelsgesetzbuch, HGB) and in accordance with the rules, effective at the reporting date and recognised by the European Union, of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Furthermore, the provisions of the German accounting standard DRS 16 were observed in the preparation of this Group Interim Report of the Management.

The same accounting, valuation and calculation methods as already adopted by the European Union were applied in the Interim Consolidated Financial Statements as already shown in the Consolidated Financial Statements for the financial year ending on 31 December 2019.

In the first three months of 2020 there were no Standards and Interpretations exceeding such scope and to be applied as of 1 January 2020.

The income tax expense was deferred in the reporting period based on the tax rate expected for the entire financial year.

CONSOLIDATED COMPANIES

The ultimate parent company is RHÖN-KLINIKUM AG with its registered office in Bad Neustadt a. d. Saale. The consolidated companies are as follows:

	31 Dec. 2019	Additions	Disposals	31 Mar. 2020
Fully consolidated subsidiaries	27	1	-1	27
Companies consolidated using the equity method	1	-	-	1
Other subsidiaries	10	-	-1	9
Consolidated companies	38	1	-2	37

In the first quarter of 2020 we founded MVZ MED GmbH as a wholly owned subsidiary of RHÖN-KLINIKUM AG. The establishment of MVZ MED GmbH is another component of our entry into the promising future market of telemedicine. Approval by the Physicians Association (Kassenärztliche Vereinigung) was granted as at 1 April 2020.

After all conditions for validity were met, the interests in GPG Gesellschaft für Projekt- und Grundstücksentwicklung GmbH Leipzig were transferred to the purchaser in 2020. The company was deconsolidated in the first quarter of 2020.

The liquidation of Soemmerring GmbH privates Institut für Bewegungsstörungen und Verhaltensneurologie i. L. previously recognised as other company was completed in the first quarter of 2020.

Company acquisitions

As at 1 January of financial year 2020, one physician's practice was acquired against consideration whose conditions of validity as per agreement were satisfied during the reporting period of 2020. Goodwill amounting to € 30 thousand essentially includes synergy effects expected from the expansion of medical care centres. The goodwill recognised is likely to be tax-deductible.

Furthermore, 0.50 physician's practices were transferred during the reporting period from the Physicians Association to the MVZ subsidiary at the Bad Berka site without consideration as well as 0.25 physician's practices returned to the Physicians Association.

In financial year 2019 two physician's practices were acquired whose conditions of validity as per agreement were satisfied only as at 1 April 2020. Consolidation in the Group will take place in the second quarter of financial year 2020 with a preliminary good will of € 0.5 million.

Deconsolidation of subsidiaries

The company GPG Gesellschaft für Projekt- und Grundstücksentwicklung GmbH Leipzig, which operates its business activity in Leipzig, was sold with effect from 1 January 2020. With the sale of the hospitals at the Leipzig site in 2014, the company did not have any affiliation to the remaining

hospitals of the Group. The effects of the deconsolidation of the company transferred as at 1 January 2020 are set out below:

Effects from deconsolidation of subsidiary	book value disposals € m
Assets and liabilities sold	
Non-current assets	0.0
Current assets	0.0
Cash and cash equivalents	0.3
Non-current liabilities	0.0
Current liabilities	0.0
Net assets of Group sold	0.3
Sale proceedings from deconsolidated subsidiary	0.3
Income from sale of deconsolidated subsidiary	0.0
./. Sold cash and cash equivalents	-0.3
Inflow of cash and cash equivalents	0.0
./. Purchase price payment outstanding	0.0
Inflow of cash and cash equivalents from deconsolidated subsidiary	0.0

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

According to IFRS 8 – Operating Segments –, segment information on operating segments is to be presented in accordance with the internal reporting to the chief operating decision maker (management approach). The chief decision making body in our Group is the Board of Management. It is in this body that the strategic decisions are made for the Group and to this body that the key ratios of the hospitals, which represent our operating segments, are reported. We continue to have only one operating segment subject to reporting.

Revenues

January to March	2020 € m	2019 € m
Fields		
Acute hospitals	321.9	313.8
Medical care centres	4.2	4.1
Rehabilitation hospitals	6.5	6.3
	332.6	324.2
Federal states		
Bavaria	67.3	64.0
Saxony	-	0.1
Thuringia	46.2	43.5
Brandenburg	38.8	37.0
Hesse	180.3	179.6
	332.6	324.2

According to IFRS 15, revenues constitute revenues generated from the provision of services. Revenues of the first three months of financial year 2020 include income from the invoicing of an additional remuneration component for the treatment of spinal muscle atrophy as well as for the treatment of multiple sclerosis. The aforementioned supplementary fees are remunerated along with the pure DRGs and negatively impact the materials and consumables used item by nearly the same

amount. Revenues further include cost reimbursements for cancer immunotherapies (CAR T-cell therapy) which were applied for the first time in the second quarter of financial year 2019 and negatively impact the materials and consumables used item by the same amount.

In the context of the COVID-19 pandemic, elective procedures were postponed to a considerable extent to free up capacities for expected COVID-19 patients. Where these capacities were taken up by COVID-19 patients, payment was made within the DRG scheme by the payers. Under the COVID-19 Hospital Relief Act, the hospitals as well as rehab facilities receive relief payments for capacities kept available and not used. The minor increase in revenues is also attributable to this circumstance, since higher revenues would have been generated by scheduled, complex procedures compared with the relief payments provided under the Hospital Relief Act.

Moreover, revenues of the first quarter of 2019 include one-off revenues in connection with university outpatient units.

Other income

January to March	2020 € m	2019 € m
Income from services rendered	43.1	37.7
Income from grants and other allowances	3.6	3.0
Income from indemnification payments/Other reimbursements	0.7	0.2
Other	2.8	3.0
	50.2	43.9

Income from services rendered includes income from ancillary and incidental activities as well as income from rental and lease agreements. The rise results among other things from the higher sales drugs and cytostatics.

The Group received grants and other allowances as compensation for certain purpose-tied expenses in connection with publicly funded measures (e.g. costs of personnel and materials for research and teaching, benefits under German legislation governing maternity leave, and for other subsidised measures).

Materials and consumables used

Materials and consumables used includes expenditures for the medicamentous treatment of spinal muscle atrophy, multiple sclerosis, and for the first time from the second quarter of 2019 expenses for cancer immunotherapies (CAR T-cell therapy) which are remunerated in the same amount and reported under revenues or other income.

Furthermore, the rise in material expenses by € 9.5 million or 9.9% reflects the current trend of the sharp increase in prices for items needed to treat COVID-19 patients.

Employee benefits expense

In addition to a rise in the number of employees, general wage increases had an increasing effect on the employee benefits expense compared with the same period of the previous year.

Other expenses

January to March	2020	2019
	€ m	€ m
Maintenance	14.3	12.4
Charges, subscriptions and consulting fees	13.0	5.9
Insurance	3.4	3.2
Administrative and IT costs	2.6	2.7
Other personnel and continuing training costs	1.5	1.3
Rents and leaseholds	1.2	1.1
Travelling, entertaining and representation expenses	0.5	0.4
Secondary taxes	0.1	0.1
Losses on disposal of non-current assets	0.0	0.1
Other	2.7	2.4
	39.3	29.6

Other expenses includes the initial recognition of expenses for consultancy services relating to the takeover offer by Asklepios Kliniken GmbH & Co. KGaA amounting to € 5.4 million. Moreover, expenses for the training fund increased by € 1.2 million, and preventive and corrective maintenance costs for buildings, medical equipment and software increased by € 1.9 million.

Result from impairment on financial assets

The negative result from the impairment on financial assets in the amount of € 0.4 million (previous year: € 0.1 million) results from the adoption of IFRS 9, which among other things governs the future expected losses of financial assets. The rise is attributable to higher estimate for risks of default due to the COVID-19 pandemic.

Depreciation/amortisation and impairment

The depreciation/amortisation and impairment item declined compared with the same period of the previous year by € 0.7 million or 4.0% to € 16.9 million. The decline relates to the Campus Bad Neustadt being put into service at the turn of the year 2018/2019.

Finance result (net)

In the first three months of financial year 2020, the negative finance result rose by € 0.6 million to € 1.0 million. This was primarily attributable to finance expenses in connection with the registered bond issued in July 2019.

Income taxes

January to March	2020	2019
	€ m	€ m
Current income tax	0.7	2.0
Deferred taxes	-0.3	-0.2
	0.4	1.8

The decline in the income tax expense compared with the same period of the previous year by € 1.4 million is the result of a lower tax assessment basis with an unchanged rate of taxation. At present, tax carry-forwards are only recognised Group-wide to the extent that they are considered probable to be claimed within 5 years.

SELECTED NOTES TO THE CONSOLIDATED BALANCE SHEET

Goodwill and other intangible assets

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2020	164.2	48.5	212.7
Additions due to changes in consolidated companies	0.0	0.0	0.0
Additions	0.0	1.3	1.3
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
31 March 2020	164.2	49.8	214.0
Cumulative depreciation and impairment			
1 January 2020	0.0	34.6	34.6
Depreciation	0.0	0.9	0.9
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
31 March 2020	0.0	35.5	35.5
Balance sheet value as at 31 March 2020	164.2	14.3	178.5

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2019	163.9	43.9	207.8
Additions due to changes in consolidated companies	0.3	0.0	0.3
Additions	0.0	1.8	1.8
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
31 March 2019	164.2	45.7	209.9
Cumulative depreciation and impairment			
1 January 2019	0.0	31.1	31.1
Depreciation	0.0	0.8	0.8
Disposals	0.0	0.0	0.0
31 March 2019	0.0	31.9	31.9
Balance sheet value as at 31 March 2019	164.2	13.8	178.0

Property, plant and equipment

	Land and buildings € m	Technical plant and equipment € m	Operating and business equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2020	1,167.9	57.9	368.8	34.2	1,628.8
Additions due to changes in consolidated	0.0	0.0	0.0	0.0	0.0
Additions	0.7	0.0	4.5	7.5	12.7
Disposals	0.2	0.0	6.4	0.0	6.6
Transfers	0.0	0.0	0.1	-0.1	0.0
31 March 2020	1,168.4	57.9	367.0	41.6	1,634.9
Cumulative depreciation and impairment					
1 January 2020	476.0	39.1	255.5	0.0	770.6
Depreciation	7.7	0.9	7.4	0.0	16.0
Disposals	0.0	0.0	6.3	0.0	6.3
Transfers	0.0	0.0	0.0	0.0	0.0
31 March 2020	483.7	40.0	256.6	0.0	780.3
Balance sheet value as at 31 March 2020	684.7	17.9	110.4	41.6	854.6

	Land and buildings € m	Technical plant and equipment € m	Operating and business equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2019	1,150.2	56.4	345.5	19.2	1,571.3
Additions due to changes in consolidated	0.0	0.0	6.8	0.0	6.8
Additions	14.8	0.4	11.7	4.8	31.7
Disposals	0.0	0.0	8.6	0.0	8.6
Transfers	0.7	0.6	0.7	-2.0	0.0
31 March 2019	1,165.7	57.4	356.1	22.0	1,601.2
Cumulative depreciation and impairment					
1 January 2019	446.0	36.2	237.0	0.0	719.2
Depreciation	7.6	1.0	8.1	0.0	16.7
Disposals	0.0	0.0	8.4	0.0	8.4
31 March 2019	453.6	37.2	236.7	0.0	727.5
Balance sheet value as at 31 March 2019	712.1	20.2	119.4	22.0	873.7

During the financial year, borrowing costs of € 0.1 million (previous year: € 0.0 million) were related to financing the acquisition or production of qualifying assets and are recognised in additions to property, plant and equipment. Furthermore, the additions include recognised rights of use pursuant to IFRS 16 in the amount of € 0.2 million as well as depreciations in the amount of € 0.8 million. Rights of use account for € 12.2 million (previous year: € 12.9 million) of the balance sheet value.

Other financial assets (non-current)

Reported under this item are fixed deposits in the amount of € 19.8 million (31 December 2019: € 19.8 million) as well as equity investments in the amount of € 9.6 million (31 December 2019: € 9.5 million). The equity investments are the interests in the start-up companies Inovytec Medical Solutions Ltd., Telesofia Medical Ltd., CLEW Medical Inc. and Tiplu GmbH.

Other financial assets (current)

As a result of current finance requirements of extensive investment measures, freely disposable funds are invested short-term. Fixed deposit investments were made in the amount of € 74.6 million (31 December 2019: € 89.8 million) in the form of overnight deposits and short-term deposits with a remaining term of < 1 year. In addition, receivables according to the Hospital Financing Act (KHG) are reported under this item in the amount of € 72.9 million (31 December 2019: € 59.9 million). The rise in receivables according to the Hospital Financing Act is largely the result of the changes to the DRG system as at 1 January 2020 and the related phase-out of the nursing budget. Receivables from research and teaching against the university in Giessen amount to € 10.2 million as at the reporting date (31 December 2019: € 9.9 million).

Equity

The decrease in equity capital compared with the reporting date of 31 December 2019 by € 4.3 million results from negative consolidated result (€ 4.4 million), as well as from gains from the other result (OCI) (€ 0.1 million). The other result is attributable to gains from the fair values of investments which according to IFRS 9 are assigned to the category of fair value through other comprehensive income (FVOCI) as well as from gains resulting from the revaluation of defined benefit pension plans.

Financial liabilities

In the fourth quarter of 2017, a syndicated line of credit in the amount of € 100.0 million was taken out. For this line of credit a change-of-control clause is stipulated providing, in the event of a change of control when the line of credit has been utilised, for early repayment and for the right of the lenders to exclude new lendings. As at 31 March 2020, this line of credit had not been utilised.

In October 2018, RHÖN-KLINIKUM AG placed a promissory note in the amount of € 100.0 million. The tranches exclusively bearing fixed interest with bullet maturities have terms of 5, 7 and 10 years. For the promissory note a change-of-control clause is stipulated providing for early repayment in the event of a change of control. Under the contract, no change of control exists if one or more of the anchor shareholders (B. Braun Melsungen AG, Asklepios Kliniken GmbH & Co. KGaA, Mr. Eugen Münch (HCM SE) and Mrs. Ingeborg Münch), acting together, acquire(s) more than 50%, but no more than 70.1% maximum, of the voting shares in RHÖN-KLINIKUM AG.

In July 2019, RHÖN-KLINIKUM AG placed a registered bond in the amount of € 60.0 million with a term of 20 years. For the registered bond a change-of-control clause is stipulated providing for early repayment in the event of a change of control. Under the contract, no change of control exists if one or more of the anchor shareholders (B. Braun Melsungen AG, Asklepios Kliniken GmbH & Co. KGaA, Mr. Eugen Münch (HCM SE) and Mrs. Ingeborg Münch), acting together, acquire(s) more than 50%, but no more than 70.3% maximum, of the voting shares in RHÖN-KLINIKUM AG.

Lease liabilities

An amount of € 9.1 million (31 December 2019: € 9.8 million) is reported under non-current other financial liabilities, and an amount for liabilities under leases of € 3.1 million (31 December 2019: € 3.2 million) under current other financial liabilities.

Additional disclosures regarding financial instruments

The table below presents the carrying amounts and fair values of the individual financial assets and liabilities for each individual category of financial instruments according to IFRS 9 and transfers these to the corresponding balance sheet item:

Measurement category according to IFRS 9	31 Mar. 2020	of which		31 Dec. 2019	of which	
		Financial Instruments		Financial Instruments		
	€ m	Carrying amount	Fair value	Carrying amount	Fair value	Fair value
ASSETS						
Non-current assets						
Other financial assets	29.4	29.4	29.4	29.3	29.3	29.3
of which investments	9.6	9.6	9.6	9.5	9.5	9.5
of which investments	0.0	0.0	0.0	0.0	0.0	0.0
of which other	19.8	19.8	19.8	19.8	19.8	19.8
Current assets						
Trade receivables and other financial assets	384.6	384.6	384.6	394.5	394.5	394.5
Cash and cash equivalents	125.6	125.6	125.6	127.7	127.7	127.7
LIABILITIES						
Non-current liabilities						
Financial liabilities	158.3	158.3	167.9	158.3	158.3	172.6
Other financial liabilities	19.1	19.1	11.0	23.8	23.8	15.1
of which other financial liabilities	10.0	10.0	11.0	14.0	14.0	15.1
of which liabilities under leases	9.1	9.1	-	9.8	9.8	-
Current liabilities						
Trade payables	77.4	77.4	77.4	84.5	84.5	84.5
Financial liabilities	1.7	1.7	1.7	0.9	0.9	0.9
Other financial liabilities	37.4	37.4	34.3	35.1	35.1	31.9
of which other financial liabilities	34.3	34.3	34.3	31.9	31.9	31.9
of which liabilities under leases	3.1	3.1	-	3.2	3.2	-
Aggregated according to measurement categories, the above figures are as follows:						
Financial assets measured at amortised cost		530.0	530.0		542.0	542.0
Financial assets measured at fair value directly in equity (fair value through other comprehensive income; without recycling)		9.6	9.6		9.5	9.5
Financial assets measured at fair value through profit or loss		0.0	0.0		0.0	0.0
Financial liabilities measured at amortised cost		281.7	292.3		289.6	305.0

The principal part of financial assets is measured at RHÖN-KLINIKUM AG, pursuant to IFRS 9, at amortised cost. Trade receivables, other financial assets as well as cash and cash equivalents covered by this in general have short remaining maturities. Their carrying amounts as at the reporting date therefore correspond to their fair values.

Investments in the amount of € 9.6 million (31 December 2019: € 9.5 million) are measured at fair value directly in equity (fair value through other comprehensive income, without recycling). These investments relate to start-up equity interests whose market value was calculated based on current equity transactions between market participants in the context of additional financing rounds or applying the DCF method. Moreover, additional immaterial investments amounting to <€ 0.0 million (31 December 2019: <€ 0.0 million) are measured at fair value (fair value through profit or loss). Changes in the market valuation of investments, which are measured at fair value directly in equity (fair value through other comprehensive income, without recycling), resulted in total in gains (after tax) in the amount of € 0.1 million (previous year: € 0.1 million), which are recognised directly in equity under other comprehensive income (OCI).

The fair value of non-current other financial liabilities of RHÖN-KLINIKUM AG is calculated on the basis of the discounted cash flow. A risk- and maturity-related rate appropriate for RHÖN-

KLINIKUM AG has been used for discounting purposes. For trade payables, other financial obligations and financial liabilities with short remaining maturities, the carrying amounts correspond to their fair values on the reporting date. The fair value of liabilities under leases was calculated using a market interest curve as at the balance sheet date and corresponds to their carrying amount.

In the first three months of financial year 2020, adjustments of the impairments on financial assets and financial investments within the meaning of IFRS 9 resulted in a negative effect on earnings (after tax) in the total amount of -€ 0.5 million (previous year: earnings improvement of € 0.0 million).

The fair values of financial assets and liabilities accounted for as defined in IFRS 9 are classified as follows to the three levels of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total	Total
	€ m	€ m	€ m	31 Mar. 2020	31 Dec. 2019
	€ m	€ m	€ m	€ m	€ m
Other non-current financial assets (investments)	-	9.6	-	9.6	9.5
Other non-current financial assets (remaining)	-	19.8	-	19.8	19.8
Trade receivables, other current financial assets	-	384.6	-	384.6	394.5
Non-current financial liabilities	-	167.9	-	167.9	172.6
Other non-current financial liabilities	-	11.0	-	11.0	15.1
Current trade liabilities	-	77.4	-	77.4	84.5
Current financial liabilities	-	1.7	-	1.7	0.9
Current other financial liabilities	-	34.3	-	34.3	31.9

The levels of the fair value hierarchy and their application to assets and liabilities are described below:

- Level 1: Listed market prices for identical assets or liabilities on active markets
- Level 2: Other information in the form of listed market prices which are directly (e.g. prices) or indirectly (e.g. derived from prices) observable
- Level 3: Information on assets and liabilities not based on observable market data.

OTHER DISCLOSURES

Interests held in the Company

During the period of 1 January 2020 up to and including 31 March 2020, we have received the following notifications from shareholders that their voting interest exceeded or fell below the statutory reporting thresholds pursuant to section 33 et seq. of the WpHG and that they thus at least temporarily held a voting interest of over 3% in the Company either directly or by way of attribution of such voting interest to them.

Person subject to notification requirement	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding/falling below threshold in the case of	Notification pursuant to section 33 et seq. WpHG Attribution pursuant to WpHG/additional information:
Asklepios Kliniken GmbH & Co. KGaA	5 Mar. 2020	0.0005	28.99	50.07*	1 Mar. 2020	>50%	attributed (section 34 WpHG): Asklepios Kliniken GmbH & Co. KGaA
Asklepios Kliniken GmbH & Co. KGaA	5 Mar. 2020	0.0005	28.99	48.99*	28 Febr. 2020	>30%	attributed (section 34 WpHG): Asklepios Kliniken GmbH & Co. KGaA

Based on the threshold events notified to us, the following picture pursuant to section 33 et seq. of the WpHG in terms of shareholder structure emerges as at the relevant key date of 31 March 2020:

Person subject to notification requirement	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding/falling below threshold in the case of	Notification pursuant to section 33 et seq. WpHG Attribution pursuant to WpHG/additional information:
Asklepios Kliniken GmbH & Co. KGaA	5 Mar. 2020	0.0005	28.99	50.07*	1 Mar. 2020	>50%	attributed (section 34 WpHG): Asklepios Kliniken GmbH & Co. KGaA
B. Braun Melsungen Aktiengesellschaft	11 Mar. 2019		25.23	25.23	12 Dec. 2018	>25%	attributed (section 34 WpHG): B. Braun Melsungen Aktiengesellschaft
Eugen Münch	28. Nov. 2017	6.94	7.61	14.56*	23 Nov. 2017	>10%	attributed (section 34 WpHG): HCM SE
Ingeborg Münch	26 Oct. 2015	5.44		5.44*	15 Oct. 2015	>5%	held directly (section 33 WpHG)
Landeskrankenhilfe V.V.a.G	22 Oct. 2018	5.21		5.21	19 Oct. 2018	>5%	held directly (section 33 WpHG)

* Asklepios Kliniken GmbH & Co. KGaA ("Asklepios") on 28 February 2020 entered into a purchase agreement subject to condition precedent with Eugen and Ingeborg Münch for the acquisition of a 12.39% interest in RHÖN-KLINIKUM AG ("RHÖN"). Asklepios undertook in a Joint-Venture Agreement subject to condition precedent dated 28 February 2020 to contribute the equity interest of Asklepios in RHÖN existing after the closure of the purchase agreements (as at 1 March 2020 taking account of the share purchase agreements: 42.15%) to AMR Holding GmbH i.G. ("AMR"). Since this equity interest includes the 28.69% already held by Asklepios, no aggregation of voting rights and instruments shall take place in such amount. In addition, HCM SE has undertaken subject to condition precedent to contribute a 7.61% equity interest in RHÖN to AMR. Asklepios on 1 March 2020 entered into a purchase agreement subject to condition precedent for the acquisition of a further 1.08% equity interest in RHÖN.

In the reporting period of 1 January to 31 March 2020, we received no notifications on statutory reporting thresholds according to sections 38 of the WpHG.

The voting interests in the above tables may have changed since 31 March 2020. With regard to notifications on changes that took place as of 1 April 2020, and for additional information on the underlying financial instruments, on attribution and on the holding structures of the respective voting rights, we refer to the publications on our website in the Investor Relations/Publications/IR News section.

As at 31 March 2020, the Company holds 24,000 treasury shares. This corresponds to 0.04% of the voting rights.

Corporate bodies

Regarding the composition of the Board of Management and the Supervisory Board as well as the corporate constitution, we refer to the consolidated financial statements of financial year 2019. The Declaration on Corporate Governance, the Declaration of Compliance pursuant to section 161 of the AktG and the Corporate Governance Report jointly issued by the Board of Management and the Supervisory Board were updated and published on our website.

Related parties

RHÖN-KLINIKUM Group companies, in given instances, enter into transactions with related parties, as further described in the Notes to the Consolidated Financial Statements as at 31 December 2019.

The companies belonging to the group of related parties and the business transacted with these companies have not changed significantly in terms of the nature of the performance relationship and the amount of the pro rata temporis business volume as well as financial receivables and liabilities compared with the Consolidated Financial Statements as at 31 December 2019. The business volume of the first three months of financial year 2020 with the group companies of B. Braun Melsungen Aktiengesellschaft increased by € 0.5 million to € 3.0 million (previous year: € 2.5 million). Revenues generated with the group subsidiaries of Asklepios Kliniken GmbH & Co. KGaA amounted to € 0.1 million (previous year: € 0.0 million).

No material transactions with related parties which are unusual in terms of their nature or amount have taken place.

The contractual remuneration for the members of the Supervisory Board and of the Board of Management as well as the related remuneration guidelines have remained unchanged compared with the reporting date of 31 December 2019. No loans were granted to members of the Supervisory Board and the Board of Management.

Former members of the Board of Management and one acting member of the Board of Management as well as one other employee hold an interest in the company RHÖN-Innovations GmbH founded in March 2016. The payments made for the interests are reported under the other liabilities item as cash-settled share-based payment transactions as defined by IFRS 2. As part of the fair value measurement, expenses were incurred during the reporting period in the amount of < € 0.0 million (previous year: no expenses).

During the reporting period, RHÖN-KLINIKUM AG received no notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014. Additional information on the respective notifications is published on our website under the header “IR News” in the Investor Relations section.

Employees

At the reporting date of 31 March 2020 the Group employed a total of 18,090 persons (31 December 2019: 18,142 persons).

Other financial obligations

The agreement from 2018 with the Federal State of Hesse in connection with the financing of the services to be rendered for research and teaching at the Group’s university hospitals provides for investment commitments in the amount of € 100.0 million until the end of 2021. As at the balance sheet date of 31 March 2020, already € 100.3 million of that has been fulfilled. Moreover, the following investments are to be performed: at the Marburg site, the modernisation of its clinic for psychiatry, the overhaul of the centralised operating theatre and IC units, as well as the new build of the clinic for paediatric and juvenile psychiatry are planned. At the Giessen site, the Paediatric Heart Centre will be expanded and an extension added on to the University Hospital. For these measures, € 11.8 million (31 December 2019: € 10.7 million) has already been invested. Our hospitals at the Giessen and Marburg sites continue to be committed to foregoing redundancies until the end of financial year 2021 and to take over trainees into permanent employment if they possess the right qualifications for the respective positions.

The additional other financial obligations have not changed significantly since the last reporting date.

Contingent liabilities

The aggregate volume of contingent liabilities has not changed significantly since the last reporting date.

Earnings per share

Earnings per share in accordance with IAS 33 is calculated using the share of consolidated profit attributable to the shareholders of RHÖN-KLINIKUM AG and the weighted average number of shares in issue during the year. Diluted earnings per share correspond to basic earnings per share, as there were no stock options or convertible debentures outstanding on the reporting date.

The following table sets out the development in the shares in issue:

	No. of shares on 31 March 2020	No. of shares on 31 March 2019
Non-par shares	66,962,470	66,962,470
Treasury non-par shares	-24,000	-24,000
Shares in issue	66,938,470	66,938,470

Earnings per share are calculated as follows:

Non-par shares	31 March 2020	31 March 2019
Share in consolidated result (€ '000)	-4,447	8,330
Weighted average number of shares outstanding, in thousands	66,938	66,938
Earnings per share in €	-0.07	0.12

Statement of Cash Flows

The liquidity shown in the statement of changes in financial position continues to include cash on hand, cheques as well as cash with banks. For the purposes of the statement of cash flows, bank overdrafts are deducted from cash and cash equivalents. As at 31 March 2020 there were no bank overdrafts.

The change in cash used in operating activities is attributable on the one hand to the decline in the consolidated result and on the other to the contrary trend in trade receivables. The decline in the level of trade receivables in 2020 as a result of faster payment inflows in connection with the pandemic legislation compares with high revenue deferrals in 2019 resulting from the negotiation outcome for university outpatient units as well as from current business operations.

The changes in the area of investing activities stems from the changes in fixed deposits as well as from lower investments in the current financial year. In 2019, investments were financed from current cash and cash equivalents, whereas in 2020 fixed deposits were terminated. Cash used in financing activity results from lease payments.

Events after the balance-sheet date

The announcement of a takeover offer by Asklepios Kliniken GmbH & Co. KGaA reached us at the end of February 2020. After the final offer document was made available in April 2020, the Board of Management and the Supervisory Board of RHÖN-KLINIKUM AG reviewed the offer document. Based on its own independent review, the Board of Management considers the overall amount of consideration, based on the offer price per RHÖN-KLINIKUM share, to be reasonable. The Supervisory Board regards the offer price to be reasonable from a financial viewpoint. For the further statements, we refer to the publication on the Internet at www.rhoen-klinikum-ag.com/uebernahmeangebot.

On 18 April 2020, RHÖN-KLINIKUM AG received a request pursuant to section 16 (3) WpÜG and section 122 (1) AktG from the shareholder B. Braun Melsungen AG to convene an extraordinary general meeting in connection with the takeover offer of Asklepios Kliniken GmbH & Co. KGaA. According to this request to convene, the extraordinary general meeting is to resolve in particular on the change in the majority requirements for resolutions of the general meeting, on the new election of Supervisory Board members of the shareholders as well as on the payment of an instalment of

€ 2.00 per RHÖN-KLINIKUM share with dividend entitlement on the fully distributable net distributable profit.

The shareholder Asklepios Kliniken GmbH & Co. KGaA ("Asklepios") informed RHÖN-KLINIKUM AG on 19 April 2020 in response to the request to convene of the shareholder B. Braun Melsungen AG that Asklepios rejected the calls by B. Braun for the majority requirements to be reduced and for payment of an instalment and intended for its part to request the convening of an extraordinary general meeting pursuant to section 122 (1) AktG. The purpose of such extraordinary general meeting is to resolve on an early removal of Supervisory Board members as well as the new election of Supervisory Board members. Moreover, Asklepios Kliniken GmbH & Co. KGaA is requesting that its own request to convene be dealt with before the request to convene of B. Braun Melsungen AG.

The Management Board of RHÖN-KLINIKUM AG has decided to postpone the ordinary Annual General Meeting scheduled for 3 June 2020 due to the current effects of the COVID-19 pandemic to a later date, but no later than 31 August 2020.

With the approval of the Supervisory Board, the Management Board of RHÖN-KLINIKUM AG has decided, at the convocation request of the shareholders Asklepios Kliniken GmbH & Co. KGaA and B. Braun Melsungen AG, to convene and conduct a virtual extraordinary general meeting without physical presence of the shareholders and their proxies for 3 June 2020.

Bad Neustadt a. d. Saale, 7 May 2020

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Stephan Holzinger

Dr. Gunther K. Weiß

KEY FIGURES

KEY FIGURES JANUARY TO MARCH 2020/ JANUARY TO MARCH 2019

Data in € m	Jan. – March 2020	Jan. – March 2019	Change in %
Revenues	332.6	324.2	2.6
EBITDA	13.9	28.7	-51.6
EBITDA-ratio (%)	4.2	8.9	-52.8
EBIT	-3.0	11.1	-127.0
EBIT-ratio (%)	-0.9	3.4	-126.5
EBT	-4.0	10.7	-137.4
Consolidated result according to IFRS	-4.4	8.9	-149.4
Equity according to IFRS	1,181.5	1,168.2	1.1
Equity-ratio in %	72.5	72.8	-0.4
Earnings per ordinary share (in €) (undiluted/diluted)	-0.07	0.12	-158.3
Number of employees (headcount)	18,090	17,509	3.3
Number of cases (patients treated)	211,788	218,924	-3.3
Beds and places	5,304	5,312	-0.2

RHÖN-KLINIKUM Aktiengesellschaft

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This Interim Report is also available in
German.

<http://www.rhoen-klinikum-ag.com/interimreports>

