

**Interim report of
MEDICLIN Aktiengesellschaft**
for the period from 1 January 2020 to 31 March 2020

MEDICLIN: Key data on business development

	Q1 2020	Q1 2019
Number of shares in millions	47.5	47.5
Number of cases (inpatient)	28,831	30,293
Number of beds as of 31.03.	8,423	8,336
Occupancy rates in %	81.7	88.5
Number of full-time employees (average number)	7,558	7,325

In millions of €	Q1 2020	Q1 2019
Cash flow from operating activities	12.5	9.5
Cash flow from operating activities per share in €	0.26	0.20
Sales	167.4	167.6
EBITDA	14.2	19.1
EBITDA margin in %	8.5	11.4
EBIT (operating result)	-3.9	1.6
EBIT margin in %	-2.3	1.0
Financial result	-2.4	-2.5
Total consolidated result	-5.2	-0.9
Earnings per share in €	-0.11	-0.02
Gross capital expenditure (without right-of-use assets pursuant to IFRS 16)	9.5	11.2
Thereof subsidies	0.8	3.0
Interest coverage factor (EBITDA/interest result)	6.0x	7.6x

In millions of €	31.03.2020	31.12.2019
Balance sheet total	893.0	897.8
Equity	187.4	190.7
Equity ratio in %	21.0	21.2
Return on equity in % ¹	2.9	5.1
Financial liabilities (to banks)	99.3	99.7
Cash and cash equivalents	28.5	37.2
Adjusted net financial debt ²	62.6	58.4
Adjusted net financial debt ² /adjusted EBITDA ³	1.7x	1.4x

¹ Total consolidated result in the last 12 months/equity

² Adjusted average net financial debt in the last four quarters

³ Adjusted EBITDA in the last 12 months

Due to arithmetical reasons, calculation differences of +/- one unit (€, % etc.) may occur; percentage rates and changes in % were calculated on the basis of non-rounded € values.

Interim Group management report of MEDICLIN Aktiengesellschaft

for the period from 1 January 2020 to 31 March 2020

Report on the economic position for the first quarter of 2020

General statement on results of operations, financial position and net assets

Sales and earnings in the first quarter of the 2020 financial year were impacted by the clinics' preparations for combating the coronavirus pandemic.

Group sales in the first quarter of 2020 were EUR 167.4 mill. and thus slightly lower than in the previous year. Group EBIT amounted to EUR –3.9 mill., down from EUR 1.6 mill. in 2019. Sales in the post-acute segment declined by EUR 2.9 mill. or 2.8 % year-on-year to EUR 99.8 mill. on the back of occupancy issues. The segment EBIT came to EUR –2.2 mill. (Q1 2019: EUR 2.9 mill.) in the first quarter of the 2020 financial year. In the acute segment, sales of EUR 62.8 mill. were EUR 3.2 mill. higher than in the previous year; this is attributable to performance and price increases. Segment EBIT improved from EUR –0.5 mill. to EUR –0.3 mill.

The low occupancy rates of the clinics compared to the prior-year quarter weighed on earnings at both Group level and segment level. Due to the spreading of the coronavirus pandemic, MEDICLIN's acute clinics have cancelled all non-essential operations since mid-March 2020 and have increased ventilator capacities by 40 %. The post-acute clinics, in turn, have kept bed capacities free for coronavirus patients or to ease the burden on the regional hospitals at more than half of the facilities as agreed with the respective Land governments.

Gross investments amounted to EUR 9.5 mill. in the first three months of the 2020 financial year (Q1 2019: EUR 11.2 mill.), pertaining mainly to the reconstruction and expansion of clinics and the acquisition of medical equipment. Capital expenditure is thus in line with the annual budget. Cash and cash equivalents as of 31 March 2020 amounted to EUR 28.5 mill. (31.12.2019: EUR 37.2 mill.).

Outlook

At present, it is not yet foreseeable to what extent the protective shield set up by the government will effectively compensate for the financial burdens actually incurred due to declining occupancy rates at the hospitals. This will show in the months to come. Given the current situation, the Management Board does not assume at present that the expectations published for the 2020 financial year will be reached. As soon as the development can be reliably estimated, the Management Board will issue a new forecast for the current financial year.

Presently, MEDICLIN assumes that the situation will not return to normal before the second half of the year. Then a certain catch-up effect or respectively an increase in the demand for medical and therapeutic services may occur.

Results of operation, financial position and net assets

Results of operation

SALES AND EARNINGS PERFORMANCE OF THE GROUP

	Q1 2020	Q1 2019
Group sales in millions of €	167.4	167.6
Raw materials and consumables used in millions of €	29.1	29.3
Cost of materials ratio in %	17.4	17.5
Staff costs in millions of €	112.6	106.3
Staff costs ratio in %	67.3	63.4
Depreciation and amortisation in millions of €	18.1	17.4
Other operating expenses in millions of €	14.0	15.3
Group operating result in millions of €	-3.9	1.6

Group sales in the first quarter of the 2020 financial year were EUR 0.2 mill. below the previous year's value. The expenses for raw materials and consumables used decreased by EUR 0.2 mill., mainly due to lower energy and fuel costs (EUR -0.2 mill.). Staff costs were EUR 6.3 mill. or 5.9 % higher than in the previous year. The rise was caused by higher wages and salaries and an increase in full-time employees (+233 full-time employees). Depreciation and amortisation developed as expected. The decline in other operating expenses of EUR 1.3 mill. compared to the prior-year quarter was due to lower expenses for IT/organisation, legal consultancy costs and maintenance. The Group operating result this comes to EUR -3.9 mill.

The financial result amounted to EUR -2.4 mill. (Q1 2019: EUR -2.5 mill.). The total consolidated result attributable to shareholders of MEDICLIN Aktiengesellschaft therefore amounts to EUR -5.1 mill. (Q1 2019: EUR -0.9 mill.). Earnings per share came to EUR -0.11 (Q1 2019: EUR -0.02).

The sales and earnings performance at segment level is shown in the segment reporting section.

FINANCIAL POSITION AND NET ASSETS

LIQUIDITY

In millions of €	Q1 2020	Q1 2019
Cash flow from operating activities	12.5	9.5
Thereof total consolidated result	-5.2	-0.9
Cash flow from investing activities	-7.6	-8.6
Cash flow from financing activities	-13.6	-13.0
Cash flow for the period	-8.7	-12.1
Cash and cash equivalents at the beginning of the period	37.2	33.8
Cash and cash equivalents at the end of the period	28.5	21.7

There was no significant change in net assets as of the balance sheet date on 31 March 2020 compared to 31 December 2019. The changes in non-current liabilities are due, among other reasons, to a change in interest rate affecting pension provisions. The increase in current liabilities is attributable to higher vacation provisions as of the reporting date.

BALANCE SHEET STRUCTURE

In millions of €	31.03.2020	In % of balance sheet total	31.12.2019	In % of balance sheet total
Assets				
Non-current assets	729.3	81.7	731.7	81.5
Current assets	163.7	18.3	166.0	18.5
	893.0	100.0	897.7	100.0
Equity and liabilities				
Equity	187.4	21.0	190.7	21.2
Non-current liabilities	553.4	62.0	561.2	62.5
Current liabilities	152.2	17.0	145.8	16.3
	893.0	100.0	897.7	100.0

SEGMENT REPORTING

Sales in the post-acute segment were below the first quarter of the previous year. March 2020 saw the first effects of sinking referrals from the acute clinics. The increase of the acute segment's sales on the prior-year quarter was caused by performance and price increases. Sales in the nursing care business area were slightly lower than in the previous year's comparable period. The high fixed costs in connection with staff in combination with low occupancy rates weighed on the EBIT in the post-acute segment, taking the segment EBIT down to EUR –2.2 mill. (Q1 2019: EUR 2.9 mill.) in the first quarter of the 2020 financial year. In the acute segment, segment EBIT improved from EUR –0.5 mill. to EUR –0.3 mill.

SALES

In millions of €	Q1 2020	Q1 2019	Change in %
Post-acute	99.8	102.7	–2.8
Acute	62.8	59.6	+5.4
Other activities and reconciliation	4.8	5.3	–9.3
Thereof nursing care business area	3.8	3.9	–2.1
Group	167.4	167.6	–0.1

RAW MATERIALS AND CONSUMABLES USED

	Q1 2020	Q1 2019	Change in %
Post-acute			
Raw materials and consumables used in millions of €	18.7	19.4	–3.2
Cost of materials ratio in %	18.8	18.9	
Acute			
Raw materials and consumables used in millions of €	15.4	15.6	–0.9
Cost of materials ratio in %	24.6	26.1	

STAFF COSTS

	Q1 2020	Q1 2019	Change in %
Post-acute			
Staff costs in millions of €	60.0	56.9	+5.5
Staff costs ratio in %	60.1	55.4	
Acute			
Staff costs in millions of €	38.4	35.6	+7.8
Staff costs ratio in %	61.2	59.8	

SEGMENT RESULT

In millions of €	Q1 2020	Q1 2019
Post-acute	-2.2	2.9
Acute	-0.3	-0.5
Other activities and reconciliation	-1.4	-0.8
Group	-3.9	1.6

Employees

The number of employees, as calculated in full-time employees, increased on the respective previous year's period. In the 2019 financial year MEDICLIN's average headcount was 7,431 full-time employees. The Group employed an average of 350 trainees in the first quarter of 2020 (Q1 2019: 323 trainees).

QUARTERLY AVERAGE OF NUMBER OF EMPLOYEES IN THE GROUP AND IN THE SEGMENTS

Shown in full-time employees	Q1 2020	Q1 2019	Change
Post-acute	4,095	3,948	+ 147
Acute	2,192	2,116	+ 76
Other activities	1,271	1,261	+ 10
Thereof nursing care business area	193	202	-9
Thereof service business area (including administration)	1,078	1,059	+ 19
Group	7,558	7,325	+ 233

Consolidated interim financial statements of MEDICLIN Aktiengesellschaft

for the period from 1 January 2020 to 31 March 2020

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Consolidated interim balance sheet as of 31 March 2020

ASSETS

In thousands of €	31.03.2020	31.12.2019
NON-CURRENT ASSETS		
Goodwill and other intangible assets		
Concessions, licences	6,826	3,354
Goodwill	49,254	49,254
Payments on account	1,813	5,466
	57,893	58,074
Property, plant and equipment		
Land, land rights and buildings including buildings on third-party land	127,373	126,354
Right-of-use assets on land, land rights and buildings including buildings on third-party land	400,984	406,406
Technical equipment and machines	12,841	13,129
Operating and office equipment	43,048	42,989
Right-of-use assets on operating and office equipment	2,429	2,327
Payments on account and assets under construction	28,069	26,285
	614,744	617,490
Financial assets		
Investment in stock of subsidiaries	108	108
Reinsurance cover	760	760
Other financial investments	2	2
	870	870
Other assets		
Receivables pursuant to hospital financing law	46,334	46,596
	46,334	46,596
Deferred tax assets	9,472	8,724
	729,313	731,754
CURRENT ASSETS		
Inventories	8,427	8,081
Trade receivables	99,235	101,138
Current income tax claims	2,521	1,736
Other financial assets		
Other current financial assets	10,720	9,354
	10,720	9,354
Other assets		
Prepaid expenses	4,021	1,341
Receivables pursuant to hospital financial law	10,234	7,099
	14,255	8,440
Cash and cash equivalents	28,537	37,250
	163,695	165,999
	893,008	897,753

EQUITY AND LIABILITIES

In thousands of €	31.03.2020	31.12.2019
EQUITY		
Shares MEDICLIN Group		
Subscribed capital	47,500	47,500
Capital reserve	129,392	129,392
Revenue reserve	-27,738	-29,569
Consolidated balance sheet result	38,553	43,669
	187,707	190,992
Non-controlling interests	-289	-246
	187,418	190,746
NON-CURRENT LIABILITIES		
Financial liabilities		
Liabilities to banks	72,549	72,994
	72,549	72,994
Liabilities from finance leases	42	48
Lease liabilities	363,146	368,319
Pensions and similar commitments	61,628	63,660
Other provisions	23,212	23,342
Other financial liabilities		
Other financial liabilities	106	106
	106	106
Other payables		
Liabilities pursuant to hospital financing law	30,672	30,672
Other payables	2,089	2,069
	32,761	32,741
	553,444	561,210
CURRENT LIABILITIES		
Trade payables	13,205	17,599
Financial liabilities		
Liabilities to banks	26,770	26,707
	26,770	26,707
Liabilities from finance leases	25	25
Lease liabilities	44,714	44,051
Other provisions	11,047	12,589
Other financial liabilities		
Other financial liabilities	5,296	5,628
	5,296	5,628
Other payables		
Payables pursuant to hospital financing law	17,347	15,859
Other payables	33,742	23,339
	51,089	39,198
	152,146	145,797
	893,008	897,753

Consolidated interim profit and loss account

In thousands of €	January – March 2020	January – March 2019
Sales	167,414	167,607
Other operating income	2,566	2,358
Total operating performance	169,980	169,965
Raw materials and consumables used		
a) Cost of raw materials and supplies	–18,371	–18,303
b) Cost of purchased services	–10,748	–10,959
	–29,119	–29,262
Staff costs		
a) Wages and salaries	–96,368	–91,306
b) Social security, pension and retirement	–16,278	–15,014
	–112,646	–106,320
Other operating expenses	–13,998	–15,329
Result before interest, taxes, depreciation and amortisation / EBITDA	14,217	19,054
Depreciation and amortisation	–18,117	–17,433
Operating result / EBIT	–3,900	1,621
Financial result		
a) Income from participations	0	0
b) Interest and similar income	5	57
c) Interest and similar expenses	–2,371	–2,575
	–2,366	–2,518
Result before tax	–6,266	–897
Taxes on income	1,094	–27
Total consolidated result	–5,172	–924
Thereof attributable to shareholders of MEDICLIN AG	–5,116	–908
Thereof attributable to non-controlling interests	–56	–16
Total consolidated result attributable to shareholders of MEDICLIN AG per share		
Undiluted in €	–0.11	–0.02
Diluted in €	–0.11	–0.02

Consolidated interim statement of comprehensive income

In thousands of €	January – March 2020	January – March 2019
Total consolidated result	-5,172	-924
Other comprehensive income		
Revaluation from defined benefit plans and similar obligations	2,191	-5,095
Taxes on income	-347	806
Additions to value adjustments that are not reconciled to the total consolidated result	1,844	-4,289
Thereof attributable to shareholders of MEDICLIN AG	1,831	-4,258
Thereof attributable to non-controlling interests	13	-31
Additions to value adjustments that are reconciled to the total consolidated result	0	0
Group comprehensive income	-3,328	-5,213
Thereof attributable to shareholders of MEDICLIN AG	-3,285	-5,166
Thereof attributable to non-controlling interests	-43	-47

Consolidated cash flow statement

In thousands of €	January – March 2020	January – March 2019
Total consolidated result	-5,172	-924
Result of finance activities	2,366	2,518
Result of income taxes	-1,094	27
Operating result (EBIT)	-3,900	1,621
Depreciation on fixed asset items	18,117	17,433
Result before interest, taxes, depreciation and amortisation (EBITDA)	14,217	19,054
Change in non-current provisions	-2,310	5,022
Change in current provisions	-1,542	-183
Result from the disposal of fixed asset items	-17	-15
Result from other non-cash items	-271	-6,781
Change in other current assets	-3,470	-12,551
Change in other non-current liabilities	17	-11
Change in other current liabilities	6,623	6,597
Payments received from interest	9	56
Income taxes paid	-786	-1,666
Cash flow from operating activities	12,470	9,522
Payments received from the disposal of fixed assets	50	64
From the disposal of property, plant and equipment	50	64
Payments received from investment subsidies	489	489
Cash used for investments	-8,089	-9,134
For intangible assets	-568	-477
For property, plant and equipment	-7,521	-8,657
Cash flow from investing activities	-7,550	-8,581
Repayment of lease liabilities	-11,017	-10,549
Repayment of financial liabilities	-438	-214
Interest payments for lease liabilities	-1,919	-2,064
Other interest payments	-258	-243
Cash flow from financing activities	-13,632	-13,070
Cash flow for the period	-8,712	-12,129
Cash and cash equivalents at the beginning of the period	37,250	33,829
Cash and cash equivalents at the end of the period	28,538	21,700

The cash and cash equivalents at the end of the period correspond to the balance sheet item "cash and cash equivalents" and encompass only cash in hand and current bank credit balances.

Statement of changes in equity

In thousands of €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Shares MEDICLIN Group	Non-controlling interests	Total equity
As of 01.01.2019	47,500	129,392	-21,667	36,382	191,607	-203	191,404
Total consolidated result	-	-	-	-908	-908	-16	-924
Other comprehensive income	-	-	-4,258	-	-4,258	-31	-4,289
Group comprehensive income	-	-	-4,258	-908	-5,166	-47	-5,213
As of 31.03.2019	47,500	129,392	-25,925	35,474	186,441	-250	186,191

In thousands of €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Shares MEDICLIN Group	Non-controlling interests	Total equity
As of 01.01.2020	47,500	129,392	-29,569	43,669	190,992	-246	190,746
Total consolidated result	-	-	-	-5,116	-5,116	-56	-5,172
Other comprehensive income	-	-	1,831	-	1,831	13	1,844
Group comprehensive income	-	-	1,831	-5,116	-3,285	-43	-3,328
As of 31.03.2020	47,500	129,392	-27,738	38,553	187,707	-289	187,418

Other information

General information

The unaudited consolidated interim financial statements of MEDICLIN for the first three months of the 2020 financial year were prepared in accordance with International Accounting Standard (IAS) 34. In the interim report, the Group principally applied the same accounting policies as in the consolidated financial statements for the 2019 financial year. The interim report should therefore be read in conjunction with the Company's 2019 Annual Report. The discount rate for pension provisions pursuant to IAS 19 amounts to 1.1 % (31.12.2019: 0.9 %).

OIK-Immobilienfonds

In mid-2016 MEDICLIN filed a suit with the District Court (Landgericht) of Offenburg claiming repayment of rental payments above the usual market rate. The Company assumes that the rents paid for the period 2005 to 2015 were higher than the usual market rents.

The suit was filed against current and former shareholders of the Company, who hold shares of the real estate fund into which the hospitals acquired and rented back between 1999 and 2001 were incorporated. The first oral hearing took place on 16 November 2018 at the District Court (Landgericht) of Offenburg.

MEDICLIN carefully weighed up the opportunities and risks of the suit in view of the fact that the subject matter of the legal dispute is highly complex, especially with regard to the evaluation whether rents conform to usual market rates, and that some of the very difficult questions of law involved have not yet been decided by the highest courts.

Therefore the Management Board is of the opinion that no changes to the balance sheet are required in this respect.

MEDICLIN Aktiengesellschaft

Offenburg, 4 May 2020

The Management Board

Key data on the MEDICLIN share

ISIN: DE 000659 5101; WKN: 659 510; TICKER: MED

In € per share	Q1 2020	Q1 2019
Earnings, undiluted/diluted	-0.11	-0.02
Cash flow from operating activities	0.26	0.20
Book value ¹ as of 31.03.	3.95	3.93
Share price as of 31.03.	4.26	5.35
52-weeks high	5.70	-
52-weeks low	3.80	-
Market capitalisation as of 31.03. in millions of €	202.4	254.1
Number of shares in millions	47.5	47.5

¹ Equity less non-controlling interests

Source: Deutsche Börse AG; Xetra/as of 06.04.2020

Forward-looking statements

This report contains forward-looking statements that are based on management's current expectations. Words such as "anticipate", "assume", "believe", "estimate", "expect", "intend", "can/could", "plan", "project", "should" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties that are based on the current assumptions and forecasts of MEDICLIN AG management. Should any of these risks and uncertainties materialise, or if the assumptions underlying any of the forward-looking statements prove incorrect, then the actual results may be materially different from those expressed or implied by such statements. MEDICLIN AG does not intend or assume any obligation to continuously update these forward-looking statements, so as to adapt them to events or developments that occur after the release of this interim report.

Financial calendar

26 February 2020

Disclosure of the preliminary figures for the 2019 financial year

26 March 2020

Annual press and analysts' conference for the 2019 financial year

4 May 2020

Publication of the interim report from 1 January 2020 to 31 March 2020

26 May 2020

Annual General Meeting - postponed - a new date will be announced

31 July 2020

Publication of the interim report from 1 January 2020 to 30 June 2020

3 November 2020

Publication of the interim report from 1 January 2020 to 30 September 2020

Adresses and imprint

MEDICLIN Aktiengesellschaft

Okenstraße 27

77652 Offenburg

Germany

Phone +49 (0) 7 81/4 88-0

Fax +49 (0) 7 81/4 88-133

E-mail info@mediclin.de

www.mediclin.de

Public Relations

Gabriele Eberle

Phone +49 (0) 7 81/4 88-180

Fax +49 (0) 7 81/4 88-184

E-mail gabriele.eberle@mediclin.de

Investor Relations

Alexandra Mühr

Phone +49 (0) 7 81/4 88-326

Fax +49 (0) 7 81/4 88-184

E-mail alexandra.muehr@mediclin.de

This Interim Report is also available in German.

Dieser Zwischenbericht liegt auch in deutscher Sprache vor.

This is a translation of the German Interim Report.

In case of divergence from the German version, the German version shall prevail.

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