

## Together

→ Between cost efficiency and investments

**“Cohesion” can hardly be more impressively demonstrated than in numbers: revenues of EUR 3,537 million, around 160 healthcare facilities and almost 2.5 million patients treated at Asklepios in the 2019 financial year. This type of performance can be achieved only by collective effort. Hafid Rifi, CFO and Deputy CEO of Asklepios, is responsible together with his team for controlling and optimising the financial key figures across the Group. In the interview, he talks about how this complex task can be overcome, the importance of agility in the area of finance and what trends are currently motivating equity investors as well as debt investors in particular.**

### **Mr Rifi, how does one exert financial control over around 160 facilities dispersed throughout Germany?**

It is not an easy task. Since our hospital network extends from Lindau on Lake Constance to the island of Sylt in the North Sea, there are very different regulatory requirements and rules that apply within the regions. For this reason, we rely on an approach that has proven itself in the past: In 14 federal states, we have regional managers who are each experts in their respective area. They are supported by our central areas such as controlling, accounting and book-keeping. This combination of regional responsibility and inter-state coordination has worked extremely well for us for many years.

### **Different gears are meshing in this case.**

Precisely. We have a policy of very close cooperation between the functions that are mutually dependent and require one another. An example: The Finance department organises the financing framework in close consultation with the Treasury department. Treasury in



turn then operates within this financing framework. In the meantime, the Investor Relations department ensures transparent communication with stakeholders, thereby supporting our colleagues. Regular exchanges between all areas of the Group on current issues is a decisive factor here. The kind of silo mentality that is unfortunately so prevalent in many groups has become a taboo for us in recent times.

**TO**

*Controlling*

*Corporate Finance*

**GE**

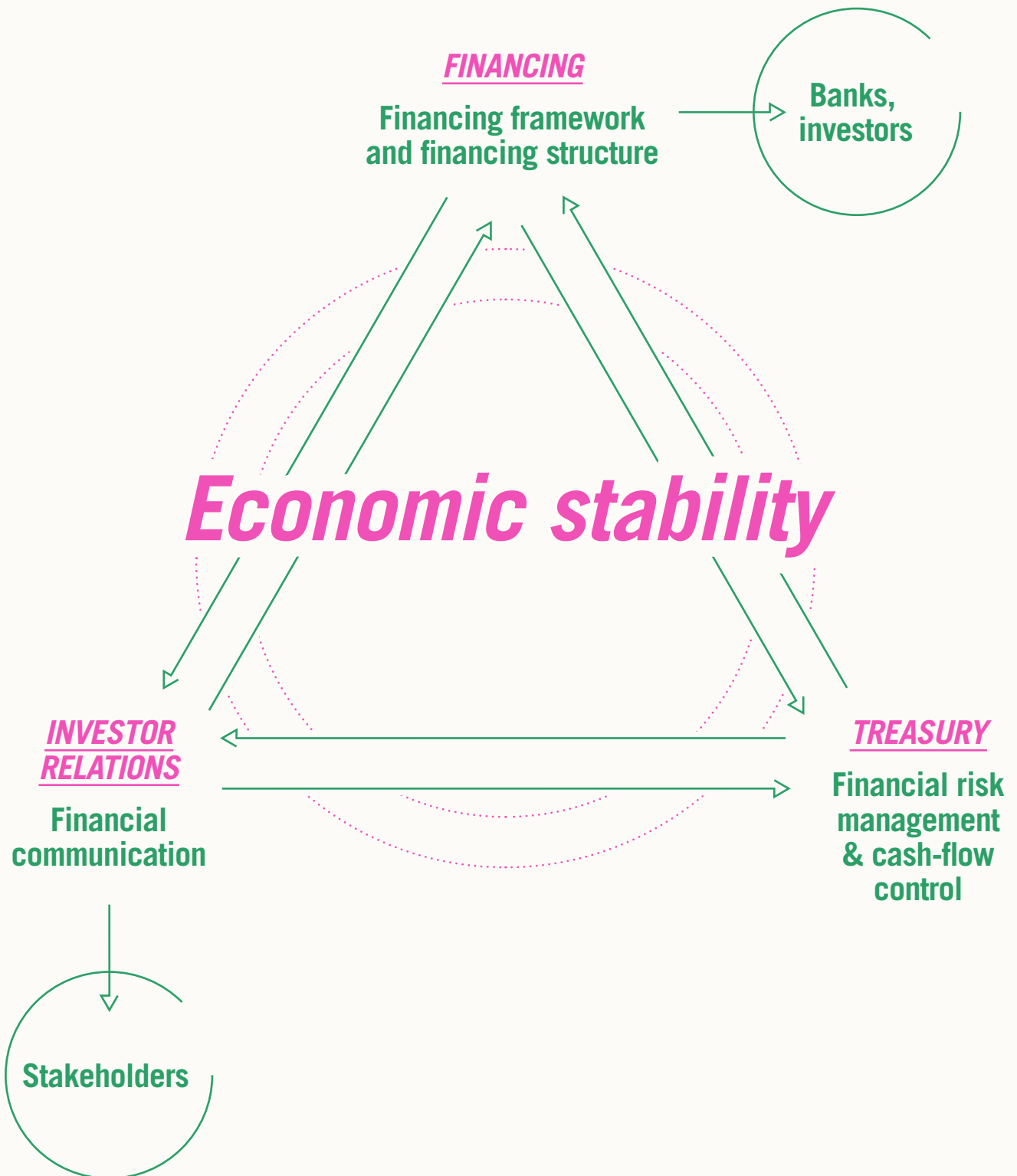
**TH**

*Bookkeeping*

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# COHESION OF THE FINANCIAL DEPARTMENTS



**Does this working approach also contribute to the company's financial success?**

Yes. The concept of "agility" will no doubt be familiar to many people. This approach is practised throughout Asklepios, where we have put in place agile structures to allow successful innovations and income opportunities to be implemented and scaled up rapidly across all hospitals. This is a key competitive advantage that helps us optimise our working capital and drive the success of our company.

**Can you share an example of this?**

There are numerous examples at Asklepios. For instance, we have established a billing process in our hospitals that aims to ensure that open receivables are settled more quickly. We have standardised the central emergency department, enabling us to achieve economies of scale and ensure the highest quality standards at all hospital across the group. And with S.A.V.E. → [p.48](#) in the area of obstetrics, for instance, we have implemented a Group-wide program that improves the standard of care provided to mothers and infants while reducing liability risks. In a nutshell: the operating business of Asklepios is very well positioned.

**As a healthcare group, Asklepios operates in a strictly regulated market. Is that another reason why agility is important?**

Correct. Our ability to respond quickly to regulatory changes or to anticipate them well in advance is essential. After all, the regulatory framework has a direct impact on our liquidity and on our financing requirements. In addition, it is becoming increasingly apparent to us that the dual financing system whereby the federal states pay for investments and the health insurance funds bear the costs of medical services is rapidly approaching its limits. We are having to step into the breach more and more frequently and are funding mainly investments in the future of healthcare from our own resources.

**The voluntary public takeover offer for the RHÖN hospitals that you announced at the end of February also involves not insubstantial financial resources. Why is that a good investment?**

Our agreement with company founder Eugen Münch as well as our joint venture gives RHÖN the clarity it requires concerning its long-term strategic orientation. The completion of the transaction will provide the company with a secure framework for action that will enable it to accelerate its ongoing commercial development and underpin its earning power and performance capabilities collectively with Asklepios. The solution to the roadblocks put up by the owners will pay dividends for everyone – the patients, the employees and, naturally, the investors.

**In addition to the current conflicting priorities of security, profitability and flexibility comes an additional component that has become increasingly important in recent years: sustainability. How is the finance area positioned in this regard?**

Sustainability is a central concern for us, and we will follow the trends in this regard very closely. Global investment in sustainability has increased from

USD 13.3 trillion in 2012 to USD 30.7 trillion in 2018 – the signs of the times are unmistakable. Looking ahead, this will enable us to secure new investors and tap into new sources of capital. The prerequisite for this is a transparent CSR reporting. Asklepios is also well positioned in this regard. For the 2019 financial year, we have published our second sustainability report, which has been very positively received by the investors. This year, it will also be audited by PricewaterhouseCoopers (PwC) for the first time. With regard to sustainability, we set a good example and are happy to submit our efforts to be audited.

**As an unlisted company, how transparent does Asklepios actually want to be?**

When it comes to transparency, we deliberately set the bar high. Even though we are a family-owned company, we offer virtually the same levels of governance, controlling and reporting as listed groups. This builds trust for today and for the future. In particular, we want to offer greater openness to investors, for whom sustainable and social aspects are important. And this is only possible if one is transparent regarding these issues.



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