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ANNUAL REPORT 2018

Key Performance Indicators

	2018	2017
Orders on hand (€m)	2,420.0	2,146.8
Sales (€m)	1,688.5	1,228.0
International sales (%)	75.0	69.3
EBIT (€m)	109.7	75.6
EBT (€m)	100.9	73.9
Staff (as at Dec. 31)	17,299	8,667

Acc. to International Financial Reporting Standards (IFRS)

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create health.

From the very beginning, developing, planning and construction of healthcare projects with subsequent operational management have been part and parcel of VAMED's core competencies. VAMED enjoys an outstanding reputation around the world thanks to its unique customer-specific solutions, cost discipline, schedule adherence and reliability. The comprehensive service and country portfolios as well as our commitment to operating in line with the "think global – act local" principle are additional factors contributing to transforming VAMED into a leading international healthcare provider.



manage care.

As an integrated healthcare provider, VAMED offers all management services for healthcare facilities on a global basis. The offering encompasses all aspects of technical, commercial and infrastructural facility management, especially high-end services including the full range of medical equipment management, mechanical and electrical engineering, sterile supply services and IT solutions. The optimal management and operation of every facility over its entire life cycle are essential to the sustainability of all healthcare facilities. The Total Operational Management segment featuring multifaceted medical and nursing services puts a clear focus on people and their health. The highest level of medical competence, cutting-edge technology combined with a holistic approach featuring comprehensive treatment offerings are among the signature quality characteristics of VAMED healthcare facilities.



enjoy vitality.

The facilities of preventive medicine as well as thermal spa and health resorts of VAMED offer medical and therapeutic applications to improve the physical and mental well-being of our patients and guests. The prevention portfolio plays a considerable role in increasing both life expectancy and the number of healthy years. Many years of experience in the healthcare sector enable VAMED to bridge the gap between preventive medicine and health tourism.

FOREWORD BY THE EXECUTIVE BOARD

2018 was a special year for VAMED in many respects. The company impressively maintained its path of long-term success with sales increasing by 38% and EBIT going up 45%. The takeover of 38 post-acute facilities in Germany is the largest growth surge in our corporate history, making VAMED one of the leading private providers of rehabilitation and care services in Europe.

The VAMED team has been working towards improving healthcare in all regions of the world for more than 35 years. In all this time, we realized more than 900 healthcare projects in about 90 countries on five continents. The diverse range of projects in the year 2018 includes university hospitals just as much as polyclinics.

When it comes to new and innovative approaches in the healthcare sector, our passion for each of these individual projects, our customized solutions and our pioneering spirit are just some of the many factors contributing to our success. Our extensive international experience makes VAMED a key partner in the development, planning, financing and construction as well as in the provision of services and operational management of healthcare projects. VAMED is active in all areas of the healthcare industry from prevention and acute care to rehabilitation and nursing. We are exceptionally qualified on a global basis to accompany all aspects of healthcare projects across their entire life cycle – from planning to operational management. This is how we create cutting-edge medical supply capacities both in established and emerging healthcare markets.

In addition to existing orders, VAMED laid the foundation for new and substantial healthcare projects all around the globe in 2018 – including, for instance, the construction of hospitals in Germany, in Angola, in Trinidad and Tobago as well as in Indonesia. The order intake of EUR 1.23 billion in 2018 together with the orders on hand of EUR 2.42 billion provide an excellent basis for further growth.

VAMED BECOMES A LEADING SERVICE PROVIDER IN THE EUROPEAN REHABILITATION AND CARE BUSINESS

In recent years, VAMED has been able to strongly expand its position in the field of post-acute care, especially in rehabilitation and nursing. We had already been the leading private provider of rehabilitation services in Austria, a leading rehabilitation provider in Switzerland and the Czech Republic, and active in the field of rehabilitation in Great Britain as well. After the acquisition of 38 post-acute facilities in Germany on July 1, 2018 and our ongoing expansion of existing rehabilitation facilities, VAMED is quickly emerging as a leading provider of rehabilitation and care services in Europe – not only based on capacity but also on the variety and quality offered. VAMED bundles the knowledge and expertise of more than 9,500 doctors, therapists and nurses in its International Medical Board. At the same time, we rely on the continuous development of innovative offers and new therapy models. In Switzerland near Zurich, VAMED established the innovative Revigo training, education and development center in cooperation with partners from science, medicine and industry. The new facility studies and develops individual and trend-setting therapy approaches for patients suffering from severe neurological impairments. In a next step, the results of this scientific research will be technologically implemented and offered on an outpatient basis.

INCREASING SIGNIFICANCE OF HIGH-END SERVICE BUSINESS

The VAMED Service Business provides technical services to more than 840 healthcare facilities with a total of 193,000 patient beds. In terms of total operational management, we are in charge of about 100 facilities with approximately 18,000 beds. VAMED plays a fundamental role in seamless patient care particularly due to its high-end services, such as the full range of medical equipment management, IT, mechanical and electrical engineering or sterile supply services. In recent years VAMED has become a leading Central European provider in this field. Aside from organic growth in this business segment, VAMED strengthened its position thanks to two acquisitions and further developed its competence in the training of medical engineers on the basis of its own training academy.

FOCUS ON TRAINING AND CONTINUING EDUCATION

Training and continuing education is of particular importance to all business segments of VAMED. The acquisition of a school of nursing in the Czech Republic is another key investment into the training and development of our future medical staff as well as a sustainable contribution towards actively counteracting the lack of skilled personnel and shortage in therapists and nurses.

The year 2018 was indeed of special significance to VAMED. Our achievements in the past fiscal year were based on the great commitment and dedication of the entire VAMED team. This achievement is primarily attributable to our staff, to whom we would like to express our gratitude. We also thank our customers, partners and shareholders for the confidence they have placed in us and their support during the past fiscal year.



MMag. Andrea Raffaseder
Member of the
Executive Board



Dr. Ernst Wastler
Chairman of the
Executive Board



Mag. Gottfried Koos
Member of the
Executive Board

REPORT OF THE SUPERVISORY BOARD

Based on a currently valid resolution, the Supervisory Board now consists of five shareholder representatives, i.e. Dr. Gerd KRICK, Dkfm. Stephan STURM, KR Karl SAMSTAG, Mag. Andreas SCHMIDRADNER and Dr. Robert HINK, who were all elected to serve on the Supervisory Board until the end of the Annual General Meeting resolving upon the discharging of the Executive and Supervisory Boards for the 2022 fiscal year.

The deliberations of the Supervisory Board in the 2018 fiscal year focused on project and corporate acquisitions, activities designed to strengthen the Services and Total Operational Management business segments as well as on measures aimed at further expanding and consolidating the market position of the VAMED Group in the healthcare sectors of Central Europe and across the globe.

The Executive Board informed the Supervisory Board in writing and verbally about future business policies, the future development of the assets, financial position and earnings of VAMED Aktiengesellschaft and the VAMED Group as well as the status of ongoing operations and the current business and financial situation of the company and the entire VAMED Group. The formal approval of the Supervisory Board was granted in those cases in which authorization is required in accordance with the Austrian Stock Corporation Act, the company's by-laws and Articles of Association.

The financial statements and Management Report of VAMED Aktiengesellschaft were audited by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, which issued an unqualified audit opinion. With respect to the preparation of separate consolidated financial statements, the Executive Board made use of the exemption provisions contained in Section 245 of the Austrian Commercial Code. Accordingly, separate financial statements were not necessary due to the inclusion of the Group's results in the consolidated financial statements of the majority shareholder. (Condensed) subgroup financial statements were presented to the Supervisory Board, corresponding to the VAMED segment in the consolidated financial

statements of the majority shareholder. The last consolidated financial statements of the majority shareholder were also submitted to the Supervisory Board.

The Supervisory Board also set up an Audit Committee to review the annual financial statements of VAMED Aktiengesellschaft as well as the (condensed) subgroup financial statements of the VAMED Group. The Audit Committee meeting held on March 1, 2019 resolved to recommend that the Supervisory Board approve the annual financial statements on the basis of the committee's extensive review.

Accordingly, the Supervisory Board approved the financial statements as well as the Management Report of VAMED Aktiengesellschaft when it convened on March 20, 2019, thereby formally adopting them in line with the stipulations contained in Section 96 Para 4 of the Austrian Stock Corporation Act.

The Supervisory Board concurs with the Executive Board's proposal on the appropriation of the balance sheet profit. The Supervisory Board proposes the appointment of Deloitte Audit Wirtschaftsprüfungs GmbH, Renngasse 1/Freyung, 1010 Vienna, Austria as auditors for the 2019 financial statements of VAMED Aktiengesellschaft.

The Supervisory Board expresses its gratitude and appreciation to the staff of the company for their dedicated work in the course of the 2018 fiscal year.

Vienna, March 20, 2019



Dr. Gerd Krick
Chairman of the
Supervisory Board

CORPORATE BODIES OF VAMED AG

Executive Board

CHAIRMAN OF THE EXECUTIVE BOARD	Dr. Ernst Wastler
MEMBER OF THE EXECUTIVE BOARD	Mag. Thomas Karazmann (until November 30, 2018)
MEMBER OF THE EXECUTIVE BOARD	Mag. Gottfried Koos
MEMBER OF THE EXECUTIVE BOARD	MMag. Andrea Raffaseder

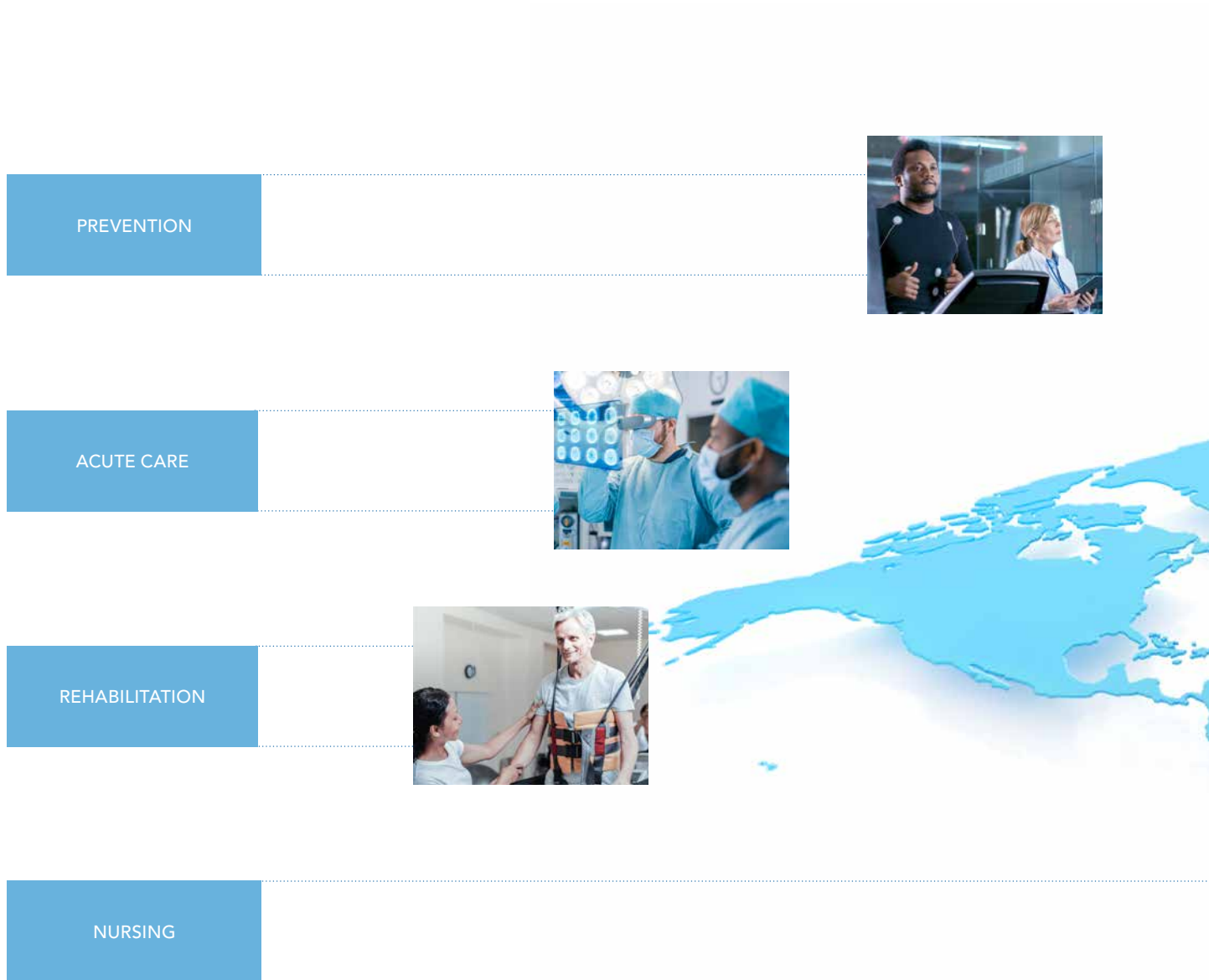
Supervisory Board

CHAIRMAN	Dr. Gerd Krick Chairman of the Supervisory Board of Fresenius SE & Co. KGaA Chairman of the Supervisory Board of Fresenius Management SE
DEPUTY CHAIRMAN	Dkfm. Stephan Sturm Chairman of the Executive Board of Fresenius Management SE, the general partner of Fresenius SE & Co. KGaA
MEMBERS	Dr. Robert Hink Secretary General of the Austrian Association of Municipalities (ret.)
	KR Karl Samstag CEO of Bank Austria Creditanstalt AG (ret.)
	Mag. Andreas Schmidradner Authorized Signatory of B&C Holding GmbH
APPOINTED BY THE WORKS COUNCIL	Josef Artner
	Mag. (FH) Thomas Hehle
	Ing. Robert Winkelmayr

THE VAMED VALUE CHAIN

VAMED, the international healthcare group, operates in all areas of healthcare: in prevention, acute care, rehabilitation, and nursing.

In all these areas of activity, VAMED offers wide-ranging services, from project development, planning, project management and construction to technical, commercial and infrastructural services as well as total operational management.



PROJECT DEVELOPMENT

PLANNING

PROJECT MANAGEMENT AND CONSTRUCTION

SERVICES

OPERATIONAL MANAGEMENT



FOCUS ON PEOPLE

VAMED applies its competence and professionalism to realize ideas and visions with a clear focus on human health and well-being.

PREVENTION

Prevention is a key factor in increasing both people's life expectancy and their number of healthy years. The VAMED portfolio ranges from primary prevention for healthy people wishing to preserve their good health and secondary prevention to detect diseases at an early stage and prevent the progression of illness to tertiary prevention, which aims at delaying the impact and complications of an ongoing illness. Many years of experience in the healthcare sector enable VAMED to bridge the gap between preventive medicine, health tourism and active preventive healthcare.

ACUTE CARE

VAMED has achieved its internationally leading position in the hospitals and clinics sector through innovation and sustainability. Together with its partners, VAMED realizes large-scale projects in the fields of hospital development, construction and all aspects of operational management. VAMED can point to long-standing international experience in all these areas.

REHABILITATION

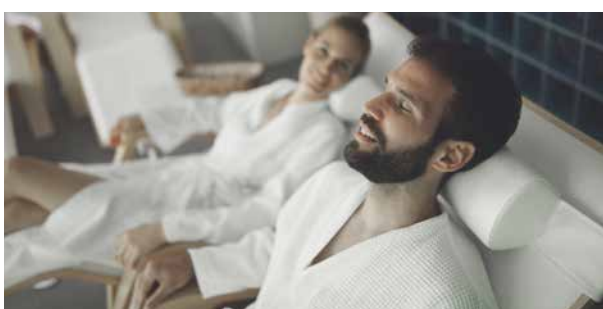
All VAMED rehabilitation facilities strive to enable patients to fully participate in society by minimizing any limitations caused by illness or accidents. The personal and individual treatment along with evidence-based outcome measurement which plays a key role in rehabilitation, and the positive and patient-oriented design of all facilities, lay the groundwork for the optimal results of all therapeutic measures.

NURSING

The methodological concept of salutogenesis as applied by VAMED explores new avenues in the field of nursing with the clear focus of enabling our residents to lead self-determined lives in dignity and according to their individual wishes. In line with this approach, the functional and interior design of our nursing facilities is especially developed to support the implementation of resident- and staff-friendly standards.

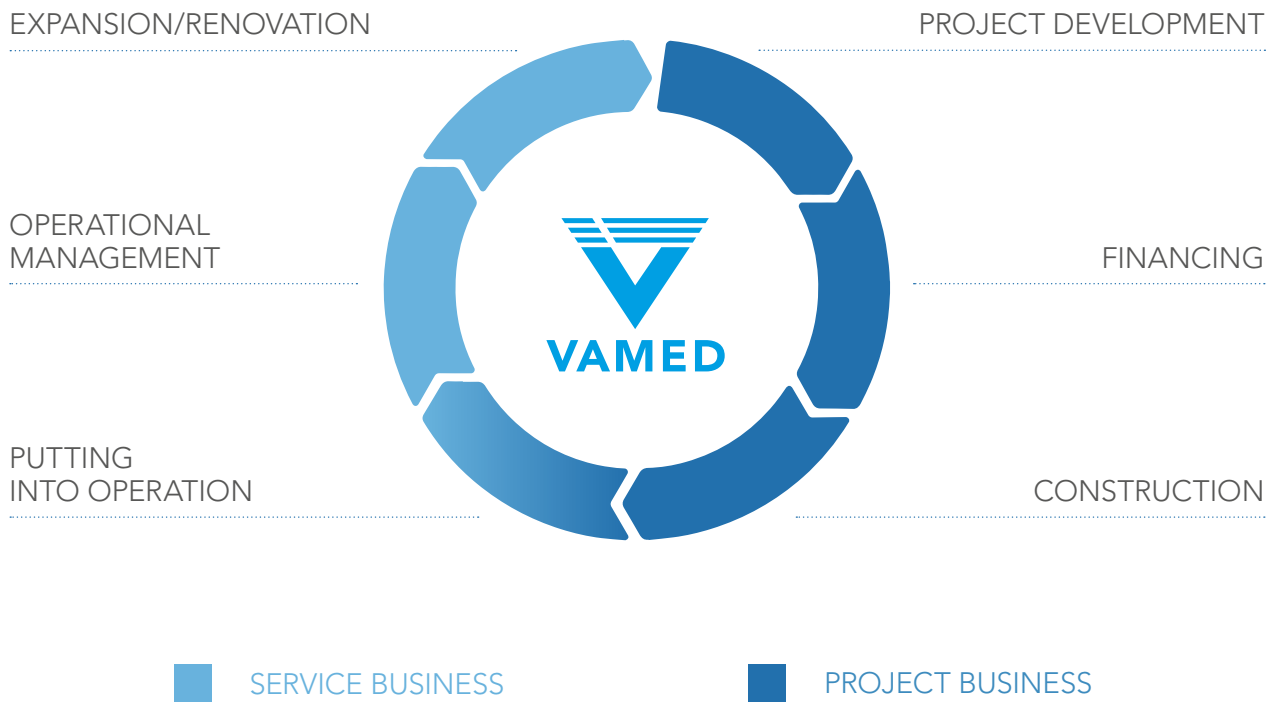


“VAMED assumes a key role in the international healthcare sector and applies its exceptional competence and experience to improve healthcare across the globe.”



THE VAMED LIFE CYCLE MODEL

The exceptional service portfolio of VAMED makes it possible to plan, build and operate healthcare facilities on an integrated basis across the entire life cycle - from prevention and acute care to rehabilitation and nursing.



SUSTAINABILITY IN HEALTHCARE

VAMED is committed to a holistic approach and always keeps in mind the interaction between all processes in patient care. Therefore VAMED's responsibility for healthcare projects in life cycle models does not end with the successful handover of the project and training of staff, but forms a sustainable healthcare

cycle together with the subsequent maintenance and operational management services. This goes all the way from consulting, project development, planning, and financial engineering to project management, construction, and back again to expansion/renovation.



WORLDWIDE AND AROUND THE CLOCK

VAMED operates on five continents for the sake of human health and well-being – 24 hours a day, 365 days a year.

90 countries

365 days

24 hours



San Fernando,
Trinidad and Tobago



Patients picking up their medication at the pharmacy of the San Fernando General Hospital. The hospital is one of the reference projects of VAMED in the region.

Nueva Segovia,
Nicaragua



Discussing the medical equipment of a turnkey hospital with about 230 patient beds realized by VAMED in Ocotal, Nueva Segovia Department.

Ayacucho, Peru



VAMED planned, delivered, installed and put into operation the medical equipment for the regional hospital with 250 patient beds.

Villa Tunari, Bolivia



Topping out at the acute care hospital in the department of Cochabamba. Completed by the end of 2019, the hospital with 200 patient beds will be an important reference project in the promising market of Bolivia.

Kipfenberg, Germany



Robot-assisted gait training as part of the orthopedic rehabilitation program at the VAMED Clinic Kipfenberg.

Duisburg, Germany



The employees of Instruclean, Germany's largest specialized service provider for medical device sterilization, guarantee seamless, reliable and efficient sterile supply services. Instruclean is a VAMED company in the field of high-end services.

Zurich, Switzerland



Outpatient rehabilitation in Switzerland: In cooperation with partners from science and industry, VAMED established the innovative Revigo training, education and development center at the Rehabilitation Clinic Zihlschlacht.

Gars am Kamp, Austria



Discussion of the initial findings in a study on the interaction between stress and metabolic diseases at the Institute for Gender Medicine in cooperation with the Medical University of Vienna.

Mostiště, Czech Republic



The surgical robot "DaVinci" for minimally invasive techniques at St. Zdislava Hospital of VAMED Mediterra in Mostiště.



Akufunde, Ghana



Talking over the radiological findings of a patient in a polyclinic in the central region of Ghana: VAMED has already completed about 30 polyclinics in Ghana.

Tripoli, Libya



A new-born baby at the Tripoli Medical Center: VAMED has been working with the hospital of 1,400 patient beds since 1995. Amongst various other aspects, VAMED is in charge of staff training as well as the service and maintenance of medical equipment.

Vientiane, Laos



Friendship Hospital Laos: Training session to familiarize the staff of the new hospital with the latest medical equipment.

Goroka, Papua New Guinea



Grand opening of the new VAMED hospital with 250 patient beds in a remote region in the island's interior.

GLOBAL VAMED PROJECTS

Human health and well-being have been a top priority of VAMED for more than 35 years.

VAMED has extensive international expertise in planning, building, and operating healthcare facilities in prevention, rehabilitation, acute care, and nursing. The combination and integration of these competencies and areas of activity enable VAMED to provide state-of-the-art healthcare models fit for the 21st century, and to offer a comprehensive service portfolio for the entire healthcare sector.

The experience gained from more than 900 realized healthcare projects, ranging from polyclinics in remote regions to university hospitals, makes VAMED a strong

healthcare partner all across the world. VAMED is always on the lookout for new and innovative ideas to increase efficiency and ensure its competitive edge, e.g. partnership-based implementation models, such as Public Private Partnership (PPP) models. VAMED also makes use of life cycle models, global financial engineering, or the continuous further development of integrated processes for the implementation and operational management of complex healthcare facilities.

The following pages present a selection of our current projects.



“From individual services to full-scale implementation projects and operational management:

VAMED is your partner for all healthcare projects where detailed expertise and overall solution competence are required – worldwide.”

VIENNA GENERAL HOSPITAL (AKH) VIENNA, AUSTRIA



Over 30 years of uninterrupted hospital operations.

VAMED-KMB, a subsidiary of VAMED, has been in charge of the technical operation of the Vienna General Hospital – Medical University Campus (AKH), which ranks among the largest hospitals in Europe, for more than 30 years. VAMED takes care of a total of 1,800 patient beds, 20,000 technical installations, 50,000 medical devices and systems, 126,000 building automation data points, 1,800 air-conditioning and ventilation units, and 135 elevators.

The excellent work of VAMED was once again recognized by the European Foundation for Quality Management (EFQM) in two categories in 2018: “Creativity and Innovation” as well as “Success through the Employees’ Talent”.

In addition, VAMED implements all conversions, additions and new construction without interrupting ongoing hospital operations as part of the Construction Master Plan 2030, thereby successfully supporting the Vienna General Hospital in realizing the greatest transformation since its establishment.

VAMED SERVICES

- Planning services
- Infrastructure and construction engineering
- Commercial facility management
- Medical and instrument engineering
- Project management
- Technical operation

Number of beds: 1,800



TAMALE TEACHING HOSPITAL TAMALE, GHANA



VAMED handed over the newly constructed University Hospital Tamale in the northern region of Ghana, West Africa.

After VAMED had begun working on the extension of the General University Hospital in Tamale in 2015, the new building was finally handed over in 2018. Therefore, VAMED is finally able to feature all stages of the modular clinic concept ranging from about 30 polyclinics to regional hospitals and university healthcare facilities in Ghana. The extension of the hospital in Tamale comprises new operating theaters, a new inpatient ward and a pathology department. Aside from the actual construction work, VAMED was also in charge of the infrastructure for the facility's power supply and wastewater treatment as well as staff quarters.

VAMED SERVICES

- Turnkey contractor
- Planning
- Project management
- Financial Engineering
- Medical equipment
- Putting into operation
- Turnkey construction
- Training

Number of beds: 387



GOROKA PROVINCIAL HOSPITAL

GOROKA, PAPUA NEW GUINEA



Opening of the Goroka Provincial Hospital.

In Papua New Guinea, the world's third-largest island state, VAMED plays a vital role in the country's health-care system with three recent contracts for healthcare projects. The modernization and extension of the Goroka Provincial Hospital was successfully completed in 2018. With its newly constructed and modernized areas, the hospital features more than 250 patient beds, located in a remote region in the island's interior about 1,600 meters above sea level. Aside from renovating the existing hospital, the project comprised the turnkey construction of a new central building with outpatient clinics, a radiology department, operating theaters, an intensive-care unit and new areas for surgery, gynecology and obstetrics. In addition, VAMED established a central sterile services department and a laboratory.

VAMED SERVICES

- Turnkey contractor
- Planning
- Project management
- Financial Engineering
- Medical equipment
- Putting into operation
- Maintenance
- Turnkey construction
- Training

Number of beds: 250



FRIENDSHIP HOSPITAL VIENTIANE, LAOS



Handover of the modernized and extended hospital.

The newly constructed hospital with 308 patient beds in Vientiane was successfully completed: Stage 1 in June 2018, Stage 2 in October 2018. In just 36 months, VAMED created a hospital of 18,500 square meters that will be responsible for the specialist medical care of Vientiane. The Friendship Hospital also covers the national medical care of Laos with such singular departments as angiography, cardiology, physical therapy, neurology, comprehensive surgery and oncology.

In order to ensure sustainable hospital operations, VAMED is also in charge of training the local staff. The corresponding two-year training program was already initiated before the completion of the hospital and comprises the three core aspects of "Hospital Information Systems", "Operational Equipment Training" and "Project Sustainability Management Support".

The Friendship Hospital in Laos is an important reference project for future projects and investments in the regional healthcare industry.

VAMED SERVICES

- Turnkey contractor
- Planning
- Project management
- Financial Engineering
- Medical equipment
- IT equipment
- Commissioning of renovation, conversion and new building
- Turnkey construction
- HR development program

Number of beds: 308



CNS HOSPITAL SANTIAGO II EL ALTO, BOLIVIA



Contract for supplying, installing and maintaining medical equipment.

In southern El Alto in Bolivia, the national health fund (Caja Nacional de Salud) is building a general hospital spanning a total area of approximately 27,000 square meters with a maximum capacity of 350 patient beds, of which 260 beds will be available upon opening and 90 beds to be added in the future.

Catering to more than 500,000 people in the region, the hospital will play a vital role in supporting not only the region's healthcare facilities but also the city of El Alto's specialist medical care. The new hospital features six state-of-the-art operating theaters as well as cutting-edge equipment in the field of imaging diagnostics.

In 2018 VAMED was commissioned with the delivery and installation of medical equipment as well as hospital equipment. Moreover, VAMED is in charge of planning and realizing an additional building for diagnostic imaging at the current location.

The contract also includes extensive training as well as maintenance and warranty work for a total of two years, thereby ensuring the sustainable use of the hospital. In full operation, the hospital will have about 560 employees, with approximately 80 per cent in medical and 20 per cent in administrative functions. In consequence, the new hospital will be an important employer at a central location in the regional community.

As part of the current contract, VAMED will deliver about 10,000 units of more than 400 types of devices and instruments. Receiving this contract marks an important milestone in the long-term development of the Bolivian market and the opening of new customer segments.

VAMED SERVICES

- Project management for the medical technical package as well as the new Imaging Center building
- Medical equipment: supply and installation
- Mechanical and electrical engineering
- IT equipment
- Planning and construction of a new medical imaging building
- Handover
- Training
- Two-year guarantee on and maintenance of medical equipment devices

Number of beds: 260

HOSPITAL SUROESTE CÓRDOBA, ARGENTINA



Construction of a health center in Córdoba.

Hospital Suroeste is located in one of the city's poorest regions in southwestern Córdoba. In late 2018, VAMED was commissioned with the turnkey construction of a healthcare center focusing on imaging diagnostics, including computed tomography and nuclear magnetic resonance, as well as outpatient surgery.

The plans for the new hospital include fourteen outpatient clinics, a surgical center with four operating theaters, including a hybrid operating theater, a pharmacy and infrastructure for sterile supply services.

VAMED SERVICES

- Planning
- Financial Engineering
- Turnkey construction
- Medical equipment
- Maintenance



CLINICAL CENTER BANJA LUKA BOSNIA & HERZEGOVINA



Opening of the largest healthcare facility in Republika Srpska.

VAMED handed over the new clinical center in Banja Luka in September 2018. The clinical center is the largest healthcare facility in Republika Srpska, provides both inpatient and outpatient treatment at the secondary and tertiary level, and serves as the research base of the Faculty of Medicine in Banja Luka. The VAMED contract comprised the renovation and modernization of the old 10-story building as well as the construction of a new 3-story hospital wing featuring more than ten operating theaters, 48 intensive care beds, a central sterile supply department, a pathology department, and an outpatient clinic with 16 beds.

VAMED SERVICES

- Turnkey contractor
- Planning
- Project management
- Training, commissioning of renovation, conversion and new building
- Turnkey construction

Number of beds: 284



UNIVERSITY HOSPITAL SCHLESWIG-HOLSTEIN KIEL/LÜBECK, GERMANY



Largest PPP project in the history of the German healthcare sector.

The University Hospital Schleswig-Holstein (UKSH) ranks among the largest centers of university medicine in Germany. The future-oriented construction project will enable the UKSH to deal with the medical challenges of the 21st century, taking into account the demographic changes of a society with an increasingly elderly age profile. The contract for implementing the construction master plan was awarded to VAMED in cooperation with a consortium partner. The project comprises new construction and adaptation work as well as the renovation of existing structures in Kiel and Lübeck. The contract is designed as a life cycle project and also comprises the facility's technical operational management and maintenance for 30 years. At a total contract volume of about EUR 1.7 billion, this is the largest Public Private Partnership project implemented to date in the German healthcare sector. The technical operation is carried out by Facility Management Schleswig-Holstein GmbH, in which VAMED holds a 50% stake and which has already begun providing its high-end services. The central clinic in both locations, with Kiel being first, is scheduled to be opened in the second half of 2019.

VAMED SERVICES

- Life cycle and PPP model
- Real estate partnership for planning, implementing new construction work and renovating of existing structures at sites in Kiel and Lübeck
- Project management
- New construction and modernization of 255,301 square meters of net floor space
- Construction of 26 operating theaters
- Renovation of 16 operating theaters
- Construction of two central sterile supply departments
- Technical operation
- Reinvestment
- Assurance of availability

Number of beds: 2,400

HOSPITAL DEPARTAMENTAL DE NUEVA SEGOVIA OCOTAL, NICARAGUA



Construction of a regional hospital.

Ocotal, Nueva Segovia Department, is located about 225 kilometers from the capital city of Managua in northern Nicaragua. VAMED was commissioned with the turnkey construction of a regional hospital in late 2018.

The new Hospital Departamental de Nueva Segovia will replace the existing hospital that has been in operation for more than 60 years. With a capacity of approximately 230 beds, it will set new medical standards in the region and include departments for internal medicine, surgery, pediatrics and orthopedics as well as ophthalmology and otorhinolaryngology.

In addition, the hospital will also feature five operating theaters, intensive care units for adults and children as well as neonatology. The hospital in Ocotal will provide medical care to more than 260,000 people in the region and serves as a reference project for the healthcare system in Nicaragua.

VAMED SERVICES

- Project management
- Construction as well as mechanical and electrical engineering
- Medical equipment: supply and installation
- Training, commissioning
- Maintenance

Number of beds: 236

ROYAL OMAN POLICE HOSPITAL MUSCAT, OMAN



Contract for project management, supply of mechanical and electrical engineering and the entire medical equipment.

The Sultanate of Oman is currently building a hospital of approximately 185,000 square meters with an initial capacity of 458 patient beds and a potential increase to 600 beds for members of the Royal Oman Police and its families in the region Airport Heights in Muscat.

The Royal Oman Police Hospital will feature clinics in the fields of oncology, traumatology, pediatrics, gynecology, cardiology, and surgery. VAMED was already commissioned with the planning, delivery and installation of medical equipment as well as mechanical and electrical engineering in 2015. This contract was expanded considerably in 2018 and now also comprises the training, handover and maintenance for three years.

VAMED SERVICES

- Total project management
- Medical equipment: planning
- Medical equipment: supply and installation
- Mechanical and electrical engineering
 - medical gases
 - nurse call
 - alternative energy systems
- Training
- Handover
- Maintenance for three years

Number of beds: 458

TRAINING AND EDUCATION FOR A BETTER HEALTHCARE SYSTEM CHITTAGONG, BANGLADESH



Continuing training of healthcare professionals at the Imperial Hospital.

Excellent training and continuing education are key factors to a functioning healthcare system. In this respect, VAMED makes a significant contribution to the healthcare sector in Bangladesh. In Chittagong, the textile center of Bangladesh, qualified healthcare and nursing professionals receive theoretical training but lack the opportunity of practical training according to Western standards. In a joint project with the Austrian Development Agency (ADA), VAMED developed a training program for healthcare professionals to provide an education according to western standards. Carried out as a pilot project at the Imperial Hospital Chittagong, the new program is designed to secure the high quality of medical care in Chittagong in the long run.

VAMED SERVICES

- In-class training of medical and healthcare professionals
- Observership
- Mentoring
- Introduction of a hospital information system
- Medical equipment: planning

VAMED HIGH-END SERVICES



The outsourcing of increasingly complex areas of operational management enables healthcare facilities to focus on their core competencies.

Offering the entire spectrum of operational management, the VAMED Service Business has become a leading service provider in the Central European, British and Spanish high-end segment in recent years.

The VAMED service portfolio comprises the complete medical equipment maintenance as well as IT development and IT equipment. The respective employees are in charge of all the maintenance work, carry out the legally required documentation and optimize profitability. In addition, they objectively – as they are independent from individual manufacturers – accompany all reinvestment decisions. VAMED provides a similar service portfolio in mechanical and electrical engineering.

Highest priority is attributed to the field of sterile supply processing during ongoing clinical operations.

VAMED manages the processing of everything from reusable medical products to technologically highly sensitive systems for diagnosis and surgery, such as endoscopes. This requires perfect quality management as well as continuous results monitoring even under high time pressure.

The increasing complexity of medical equipment goes hand in hand with the importance of training for healthcare professionals. The leading provider of medical equipment services in Great Britain, Avenys UK Group Ltd, was acquired by VAMED in 2018 and is known for its renowned training academy that not only offers numerous courses of continuing education but also trains medical technology specialists. Instruclean, the leading independent service provider of sterile supplies in Germany and another subsidiary of the VAMED Group, offers a wide array of training programs and seminars.

20 YEARS OF PREVENTIVE MEDICINE AND HEALTH TOURISM VAMED VITALITY WORLD



Expansion of the VAMED portfolio of preventive medicine.

VAMED is Austria's market leader in the operation of thermal spas and health resorts under the competence brand "VAMED Vitality World". The first thermal spa project was developed in Geinberg in 1998. VAMED Vitality World and its various facilities reached the top within just 20 years. Thanks to its longstanding experience, VAMED has succeeded in bridging the gap between preventive medicine and health tourism. The spa and health resorts in Austria as well as the resort in Budapest offer medical and therapeutic methods as well as extensive applications to improve the physical and mental wellbeing of health-conscious guests.



VAMED STRENGTHENS ITS POSITION AS PROVIDER OF POST-ACUTE CARE



In July 2018, VAMED acquired the rehabilitation and care business of Helios in Germany, thereby expanding its leading position in rehabilitation and care in Europe by a total of 38 healthcare facilities.

When VAMED entered the rehabilitation market of Great Britain in 2017, it had already been the leading provider of rehabilitation services in Austria, Switzerland and the Czech Republic.

VAMED boasts exceptional competence in the field of healthcare based on its rehabilitation and care portfolio in five European markets. As one of its primary objectives, VAMED strives to share the latest findings and opportunities from applied research and digitization with the people in all healthcare facilities.

The newly added healthcare facilities expand the portfolio of VAMED not only in terms of numbers but also in content: excellent clinics in neurology, orthopedics, oncology, psychosomatics, cardiology and geriatrics with such new disciplines as pediatric and adolescent early neurorehabilitation or competence centers for the increasingly important medical indications in the field of vertigo, tinnitus and hearing loss.

Leading provider of Post-acute care in Central Europe

67 Post-acute
facilities in Europe*

* including inpatient and outpatient rehabilitation
as well as specialist facilities based on per-diem rates

Rehabilitation facilities for

- Neurology
including pediatric and
adolescent early neurorehabilitation
- Orthopedics and traumatology
- Oncology
including pediatric and
adolescent oncology
- Family oriented therapy
- Psychosomatics
- Cardiology
- Geriatrics
- Vertigo, tinnitus and hearing loss
- Gastroenterology
- Nephrology
- Pneumology, Pulmology
- Metabolic diseases

REHABILITATION CLINIC DUSSNANG EXPANSION, SWITZERLAND



After only fifteen months of construction, the Rehabilitation Clinic Dussnang opened the new rehabilitation building “Tolenberg”.

VAMED successfully entered the Swiss healthcare market in 2012 and now covers all major rehabilitation fields with its three rehabilitation clinics in Zihlschlacht, Dussnang and Seewis. The portfolio of the Rehabilitation Clinic Dussnang was expanded in 2018. The new building “Tolenberg” comprises 54 modern patient rooms and state-of-the-art infrastructure to optimally fulfill the requirements for geriatric rehabilitation in particular.

Another new and pioneering institution opened in Switzerland in November 2018: the outpatient rehabilitation center Revigo. In cooperation with its Rehabilitation Clinic Zihlschlacht as well as the partners Zurich University of Applied Sciences (ZHAW) and the Swiss based company Hocoma, VAMED founded a think tank and an outpatient facility for effective and efficient, robot-supported rehabilitation. Revigo will be an incubator of future therapeutic approaches. In other words, VAMED is not only a leading rehabilitation provider in Switzerland but also actively contributes to the rehabilitation of tomorrow.

MĚLNÍK SCHOOL OF NURSING CZECH REPUBLIC



Training of qualified nursing staff.

VAMED Mediterra operates nine healthcare facilities in the fields of acute care as well as rehabilitation and care, making VAMED a leading provider of private healthcare services in the Czech Republic.

In November 2018, VAMED Mediterra took over the private school of nursing in Mělník. This training facility enables the company to counteract the increasing need of qualified staff in the Czech Republic, while ensuring the excellent training of nursing professionals in its own clinics. The Mělník School of Nursing currently trains more than 100 students. It is expected that the number of graduates will double within the next four years. The students may also complete an internship at a VAMED healthcare facility as part of their study program.



LEUWALDHOF PEDIATRIC REHABILITATION FACILITY, ST. VEIT IM PONGAU, AUSTRIA



New pediatric rehabilitation facility for children and adolescents with cancer and metabolic diseases.

The new rehabilitation facility for children and adolescents in St. Veit im Pongau was established at the same site as the already existing oncological rehabilitation facility for adults in St. Veit im Pongau. Built in the record time of only ten months, the new facility ideally benefits from synergies in medical-oncological treatment. It satisfies Austria's demand in beds in the fields of haemato-oncological, immunological and metabolic diseases as well as diseases of the gastrointestinal tract. The children and adolescents have access to a wide spectrum of cutting-edge medical therapies at Leuwaldhof in St. Veit im Pongau.

Aside from the primary patients, also family members receive individualized treatment as secondary patients. This is the first time that the offered therapeutic measures focus not only on the child but also on the entire family that joins the child in the rehabilitation facility. Another integrated therapeutic element is the availability of a state-of-the-art school and a kindergarten at Leuwaldhof. In addition, the facility features a wide array of sports and leisure activities.

THE VAMED REHABILITATION CONCEPT

VAMED combines personal treatment, individualized rehabilitation goals and state-of-the-art medicine in order to minimize any restraints to patients caused by illness or accidents.

The application of cutting-edge and resource-oriented approaches, such as the International Classification of Functioning, Disability and Health (ICF) or the Computer-Based Health Evaluation System (CHES), enables patients, even after severe illness, to accomplish the best-possible and evidence-based functional improvement to increase their independent activity and participation in all aspects of life. The following factors are essential to the VAMED rehabilitation concept:

- **Specialized rehabilitation facilities covering several indications**
- **Inpatient and outpatient rehabilitation services**
- **Competent interdisciplinary teams of doctors, nurses and therapists**
- **Tele-rehabilitation**
- **Integrated therapeutic services**
- **Latest diagnostic techniques**
- **Holistic approach**



VAMED currently employs more than 9,500 doctors, therapists and nurses in its healthcare facilities. This considerable amount of medical know-how is brought together in the so-called International Medical Board (IMB).

STRUCTURE OF THE VAMED GROUP

PROJECTS

INTERNATIONAL

VAMED
Engineering
GmbH, Vienna

CENTRAL EUROPE

VAMED
Standortentwicklung
und Engineering
GmbH,
Vienna

SERVICES

AKH AND KAV, VIENNA

VAMED-KMB
Krankenhaus-
management und
Betriebsführungs-
ges.m.b.H., Vienna

CENTRAL EUROPE AND INTERNATIONAL

VAMED
Management und
Service GmbH,
Vienna

GROUP MANAGEMENT REPORT 2018

Company continues positive trend of past years with extraordinary growth.

VAMED concluded a most successful 2018 fiscal year and maintained its dynamic development with sales increasing by 37.5%, EBIT being up 45.0% and earnings before tax (EBT) improving by 36.4%. VAMED positioned itself as a leading provider of rehabilitation and care in Europe thanks to the acquisition of 38 healthcare facilities and thirteen service companies from Helios in Germany. Moreover, a rise in order intake (+12.0%) and a plus in orders on hand (+12.7%) comprise an additional solid basis for further growth.

1. Economic report

1.1. Market and business model

The healthcare industry is one of the most important branches of the global economy. As one of the leading healthcare providers in the world, there is no other enterprise with a comparable range of services across the entire life cycle of its managed facilities that could compete with VAMED.

VAMED can look back on a success story of more than 900 projects realized in about 90 countries on five continents. It provides technical services for approximately 193,000 beds in 840 hospitals and is also in charge of the total operational management of 100 healthcare facilities with a total of about 18,000 beds.

VAMED's range of services comprises the complete value chain in the healthcare sector and covers everything from project development, planning, turnkey completion and maintenance to highly-specialized technical, commercial and infrastructural services as well as total operational management. These extensive competencies enable the company to provide efficient support even to complex healthcare facilities over their entire life cycles. Furthermore, VAMED is also a pioneer in the area of Public Private Partnership (PPP) models for hospitals and other healthcare facilities. The largest PPP project in the German healthcare sector is one of VAMED's reference projects.

The various business segments of VAMED cater to all the different healthcare fields, from prevention and

healthcare tourism to acute care, rehabilitation and nursing. VAMED ranks among the leading private providers in the post-acute care business in Europe, particularly in the rehabilitation and nursing segments. In addition, VAMED is the largest operator of thermal spa and health resorts via the VAMED Vitality World in Austria.

1.2. Order situation and sales performance

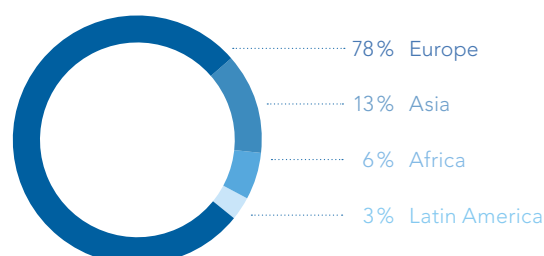
Demand for VAMED services continued to develop exceptionally well during the reporting period. The order intake of €1,227 million in the Project Business was 12.0% higher than in the previous year, whereas end-of-year orders on hand increased by 12.7% to €2,420 million.

VAMED was able to increase its sales by 37.5% to €1,688 million (2017: €1,228 million) in the 2018 fiscal year.

Breakdown of sales by business segment:

in T€	2018	2017	Change
Project Business	711,859	605,767	17.5%
Service Business	976,633	622,227	57.0%
Total	1,688,492	1,227,994	37.5%

In terms of geographical distribution, Europe continues as the strongest business region with a share of 78% in total sales. Asia, Africa, and Latin America generated 13%, 6%, and 3% respectively of total sales.



1.3. Business segments in greater detail

Project Business

The VAMED Project Business comprises the fields of consulting, development, planning, financing management and the turnkey completion of healthcare facilities. VAMED's expertise in the field of medical equipment is also increasingly in demand, frequently encompassing not only project management, planning and procurement of medical technology but also installation and training. Moreover, VAMED is a leader in the area of Public Private Partnership (PPP) models, in which public and private partners set up a joint project company to plan, build, finance and operate hospitals and other healthcare facilities. VAMED has been able to successfully complete 25 PPP model projects up until now.

The following section provides information on key projects in the individual target markets of VAMED's Project Business.

Europe

In Germany, VAMED is continuing to move forward with the modernization of the University Hospital Schleswig-Holstein. The opening of new buildings in Kiel and Lübeck is planned for the second half of 2019. On balance, the contract, which also includes technical operation and maintenance of the buildings until 2044, involves a contract volume of about €1.7 billion. Accordingly, it is the largest PPP project in the German healthcare sector. Construction orders in Aachen, Biberach, Heppenheim, Ludwigsfelde and Mannheim are proceeding on schedule. A new general contractor assignment was received from the University Hospital Potsdam-Golm. In 2018, VAMED also took over the construction and project management of the Helios acute care clinics in Germany. In the future, VAMED will be responsible for the overall implementation of construction measures, which in many cases will be carried out during ongoing operations of the respective hospital.

In Austria, the first life cycle model in the form of a Public Private Partnership project of VAMED is progressing according to plan. Patient treatment at the radiation oncology unit of Hietzing Hospital has proven to be a success. The second unit is scheduled to be put into operation at the Social Medical Center East – Danube Hospital (SMZ-Ost) in 2019.

VAMED is also realizing renovation, enlargement and new construction work at Vienna General Hospital within the context of the Reinvestment and Master Plan 2030 of the Vienna Hospital Association.

The new Leuwaldhof Pediatric Rehabilitation Facility in St. Veit im Pongau could be handed over in April 2018, only ten months after the ground-breaking ceremony. This offering of family-oriented rehabilitation, integrating family members in therapy, is unique in Austria and has been used by young patients and their families since the early summer.

The spa and health resort Tauern Spa in Zell am See/Kaprun is being expanded by 120 beds. The catering and spa areas are also being enlarged.

VAMED's growth also made it necessary to expand group headquarters in Vienna. The new building at the Sternngasse site was handed over in the autumn of 2018.

In Bosnia and Herzegovina, the new Banja Luka University Hospital Clinical Center, the largest healthcare facility in Republika Srpska, was ceremoniously handed over at the end of September 2018.

In Switzerland, VAMED successfully concluded the contract to complete the newly constructed Limmattal Hospital in the Canton of Zurich and put it into operation, including the delivery of medical and IT equipment. The new "Tolenberg" building, an expansion of the Dussnang rehabilitation facility, was also opened. In 2018, the foundation was laid for enlarging the Rehabilitation Clinic Zihlschlacht by 28 new single rooms as well as the necessary ancillary rooms for therapy and nursing.

In Poland, work on Krakow-Prokocim University Hospital is proceeding according to plan. This includes functional and medical engineering planning as well as the delivery and assembly of medical equipment and the training of hospital staff. Completion is scheduled for 2019. The ground-breaking ceremony for the radiation therapy center in Tarnobrzeg took place in October 2018. VAMED is responsible for planning, construction and medical equipment.

Africa

In Ghana, construction work is proceeding on six polyclinics and five regional hospitals. The addition to the Tamale Teaching Hospital in the northern region of Ghana, which includes operating rooms, inpatient beds and pathology, was handed over. VAMED completed the new healthcare facility at the Jendouba Oncology Center in Tunisia on schedule. New orders were received from Angola, where VAMED was contracted with the turnkey construction of three hospitals.

Middle East and Asia

On the Arabian Peninsula, work was continued on the construction of the Al Reem Integrated Health & Care Center in Abu Dhabi in 2018. The order for medical equipment at the Royal Oman Police Hospital was increased in 2018 and is proceeding as planned.

VAMED has already been operating with great success for many years in the important Asian markets of China, Malaysia, and Vietnam. In Laos, construction work on the new hospital in Vientiane with 308 beds was successfully completed in October 2018. The two-year training program launched in 2017 serves as the basis for the sustainable operation of the hospital. Construction work on Hospital No. 106 in Pakse is progressing according to plan.

Current contracts being realized in China, Mongolia, Sri Lanka, Malaysia, and Indonesia are proceeding on schedule.

Oceania is becoming increasingly important to VAMED. One of the projects currently being implemented in Papua New Guinea, namely the turnkey construction and equipping of the hospital in Goroka, was handed over at the end of 2018.

Latin America

VAMED has been strengthening its market position in Latin America for several years. In Argentina, VAMED began implementing the contract for the turnkey construction of a regional hospital in Cordoba. The project to build the Villa Tunari Hospital in Bolivia is progressing as planned and was complemented by another contract in 2018 for the delivery of medical technology in La Paz. In Nicaragua, VAMED received a contract for the turnkey construction of a regional hospital in Ocotal.

VAMED was granted a contract for the turnkey construction of a hospital in Sangre Grande, Trinidad and Tobago.

Service Business

VAMED has been successful with its broadly diversified portfolio of services for healthcare facilities all over the world. In 2018, VAMED was in charge of the operational management of approximately 100 healthcare facilities with more than 18,000 beds. In terms of technical operation, VAMED provided services for more than 840 hospitals with a total of about 193,000 beds.

The VAMED Service Business is based on a modular design and encompasses all aspects of technical, commercial and infrastructural management for facilities in the healthcare sector – ranging from building and equipment maintenance to medical technology management, technical operations, and operational management.

In addition, VAMED provides services in the fields of energy management, waste management, the cleaning of buildings and outside installations, and security. The area of highly specialized services encompasses, for example, the complete management of medical technology and the entire operational and medical engineering and sterile supply processing.

The issue of digitalization is also gaining in importance, as for instance the application of state-of-the-art technology in operational management or building information modelling (BIM), where VAMED is a trailblazer in the hospital sector. The integrated solutions provided by VAMED ensure the optimal management and operation of healthcare facilities over their entire life cycle – from the construction of buildings and the end of their primary use to their modernization and extension. Furthermore, VAMED also offers logistics services in the healthcare sector. The optimization of procedures minimizes logistics costs and at the same time ensures the required quality of supply. The numerous national and international certificates and awards underline the fact that VAMED is able to meet even the highest quality standards.

The VAMED portfolio also includes various healthcare training and continuing education programs, offered all around the world from Africa to the Middle East and Asia.

The following section outlines the most important developments in the target markets of the VAMED Service Business.

Europe

In Austria, VAMED successfully continued its decades-long partnership with the Vienna General Hospital – Medical University Campus (AKH) in 2018. VAMED has been in charge of the AKH's technical operations since 1986. As one of Europe's largest university hospitals, AKH Vienna comprises more than 30 clinics and institutes with about 1,800 beds.

As part of Vienna's first PPP life cycle model project, VAMED took over technical operations of the radiation oncology department at the Hietzing Hospital and at the Social Medical Center East – Danube Hospital (SMZ-Ost).

In Germany, the consortium of VAMED and BAM continued its technical operation of the University Hospital Schleswig-Holstein with a total of some 2,400 beds at the two locations in Kiel and Lübeck.

Since August 1, 2018, the competencies in hospital construction, construction and project management as well as in technical operation (medical technology, operational and medical engineering and central sterilization) for all Helios clinics in Germany has been bundled in VAMED's hands.

In Switzerland, VAMED operates renowned rehabilitation clinics in Zihlschlacht and Dussnang in Thurgau and in Seewis in Graubünden. VAMED founded the training, education and development center Revigo, a collaboration of the Rehabilitation Clinic Zihlschlacht with Hocoma (producer of robotic and sensor-based devices for functional movement therapy) and the ZHAW Zurich University of Applied Sciences. The center aims at developing, evaluating and integrating forward-looking research and development projects.

In Great Britain, VAMED is expanding its range of health-care services for inpatient and outpatient rehabilitation in a joint venture with Circle Health.

In the Czech Republic, VAMED celebrated the tenth anniversary of VAMED Mediterra in October 2018. On balance, the Mediterra Hospitals provide services in the fields of acute care, rehabilitation, and long-term care at nine locations with a total of about 1,000 beds. A school of nursing which trains highly qualified nursing staff in the Czech Republic was acquired in Mělník. In turn, this should benefit the VAMED Mediterra clinics.

VAMED succeeded in further strengthening its positioning as one of the leading providers of rehabilitation and nursing in Europe thanks to the acquisition of the

rehabilitation and care portfolio of Helios in Germany. Accordingly, VAMED now operates inpatient health-care facilities in Austria, Germany, Switzerland, Czech Republic and Great Britain. The key objectives in this area are to maintain its high level of quality and apply innovative treatment methods.

VAMED's offering, particularly in the region of Austria, Germany and Switzerland, encompasses the major indications and ranks among the market leaders with respect to providing private rehabilitation services. In Austria, the portfolio was expanded in 2018 to include the first family-oriented children and adolescent rehabilitation facility for young patients with oncological and metabolic diseases, namely the Leuwaldhof in St. Veit in Pongau.

VAMED also further intensified its activities in the high-end service segment. In Germany, medserve-ce, a medical technology service company focusing on the management, repair and inspection of devices, was acquired in 2018.

Due to the acquisition of Avensys UK Group, VAMED is now also active in Great Britain as a medical technology service provider. Avensys also boasts a renowned training academy in the field of medical technology. VAMED has a leading position as a provider of highly-specialized services in Europe, particularly in Austria, Germany, Switzerland, Italy, Spain and England.

Middle East and Asia

In the United Arab Emirates, VAMED renders management assistance services for the Al Reem Hospital as well as management assistance for the Dar Al Shifaa Hospital.

VAMED was contracted to provide training and continuing education programs as well as management assistance services for the Imperial Hospital Chittagong in Bangladesh.

Africa

Other ongoing contracts in the fields of technical services, training of medical staff and management assistance are being realized in Africa.

VAMED Vitality World

In the face of rising life expectancies, the topic of preventive medicine is gaining in importance, in particular also as the number of healthy life years has not risen to the same extent as life expectancy. Thanks to VAMED's decades of experience in healthcare, VAMED Vitality World with its resorts is able to bridge the gap between preventive medicine and health tourism. Starting in 2019, VAMED will assume total operational management of the Spa Resort Styria in Bad Waltersdorf, thus expanding its position as the Austrian market leader for thermal spas and health resorts. Moreover, VAMED has been highly successful in operating Aquaworld Resort Budapest, the city's largest thermal resort, for more than four years. In recognition of their outstanding services, VAMED Vitality World and several of its resorts once again received numerous acclaimed national and international awards in 2018.

1.4. Results of operations, financial position, assets and liabilities

1.4.1. Results of operations

Consolidated sales could be increased by about 38% in the 2018 fiscal year, from T€1,227,994 to T€1,688,492.

Earnings before tax and non-controlling interests (EBT) amounts to €100.9 million, comprising a rise of €26.9 million or 36.4% from the previous year.

The financial result totaled approximately €-8.8 million in 2018 and was €7.1 million below the prior-year figure of €-1.7 million, particularly as a result of the debt-financed acquisitions.

Income taxes increased by approximately €4.5 million to approximately €27.5 million, resulting in a tax ratio based on EBT of 27.3% (2017: 31.1%).

1.4.2. Assets and liabilities

in T€	Dec. 31, 2018	%	Dec. 31, 2017	%
ASSETS				
Current assets	1,251,952	58.0%	933,002	72.8%
Property, plant and equipment; goodwill; other intangible assets	719,518	33.3%	207,517	16.2%
Other non-current assets	188,089	8.7%	141,658	11.0%
Balance sheet total	2,159,559	100.0%	1,282,177	100.0%
LIABILITIES				
Current liabilities	923,264	42.8%	666,949	52.0%
Non-current liabilities	570,612	26.4%	225,848	17.6%
Shareholders' equity	665,683	30.8%	389,380	30.4%
Balance sheet total	2,159,559	100.0%	1,282,177	100.0%

Investments

The following investments in property, plant and equipment and intangible assets were made by the VAMED Group:

in T€	2018	2017
Property, plant and equipment	31,666	12,935
Other intangible assets	11,934	2,858
Total	43,600	15,793

The increase in property, plant and equipment mainly refers to replacement and renewal investments in VAMED's hospitals and rehabilitation facilities.

1.4.3. Financial position

in T€	2018	2017	Change
Order intake (Project Business)	1,226,878	1,095,761	12.0%
Sales	1,688,492	1,227,994	37.5%
Operating result before interest, tax, depreciation and amortization (EBITDA)	133,172	86,823	53.4%
EBITDA margin	7.9%	7.1%	
Operating result (EBIT)	109,673	75,619	45.0%
EBIT margin	6.5%	6.2%	
Earnings before tax and non-controlling interests (EBT)	100,890	73,949	36.4%
EBT margin	6.0%	6.0%	
Results attributable to shareholders of VAMED AG	72,053	49,585	45.3%
Balance sheet total	2,159,559	1,282,177	68.4%
Shareholders' equity	665,683	389,380	71.0%
Equity ratio	30.8%	30.4%	

2. Non-financial performance indicators

From the very beginning, sustainability and corporate social responsibility have been fundamental aspects – and embedded elements in the day-to-day operations as a healthcare provider – in all business activities of VAMED. Due to its one-of-a-kind value chain, VAMED has played a fundamental role in the development of healthcare systems in numerous countries – and often made sure to enable or even guarantee adequate access to healthcare services for all people despite extremely difficult conditions.

The past record of success and the future potential of VAMED are essentially based on the following key factors:

- Unparalleled competencies in the entire healthcare sector
- Great individual performance of staff members as a result of their training, expertise, and project experience
- Ability and readiness of staff members to extend cooperation across organizational and geographical boundaries
- Internationalism as the foundation for the development of customized solutions across the globe
- Product and producer neutrality for optimum customer benefits
- Ability of the entire VAMED Group as a “learning organization” to apply and further develop experiences from other projects
- Setting of demanding standards by management and the committed promotion of staff complying with such standards
- Innovation leadership based on experiences from more than 900 successfully completed projects

2.1. Environmental management

The responsibility of VAMED as a healthcare group also extends to its commitment to protect nature as the basis of life and to use its resources in a responsible manner. It goes without saying that VAMED complies with legal requirements and continuously strives to improve its performance in the area of environmental protection.

In accordance with its environmental management activities, VAMED pays particular attention to the resource-conserving use of energy sources and water. Whenever VAMED is in charge of building healthcare facilities, the most suitable construction and installation techniques are applied depending on the location to guarantee optimal resource management.

In Austria, the VAMED energy management is certified and regularly audited according to ISO 50001 for all companies in which VAMED exercises a controlling interest. The thermal spa and health resorts of VAMED Vitality World established their energy management and had it certified according to ISO 50001 in 2016.

Local units are provided with framework specifications for their energy management, thereby implementing measures to improve energy efficiency on a local level.

2.2. Staff

In 2018, the consolidated companies of the VAMED Group had an average of 1,217 blue-collar staff members, 11,599 white-collar staff members, and 215 apprentices (2017: 1,024 blue-collar, 7,154 white-collar and 160 apprentices).

Training and further development

One of VAMED’s key success factors is the individual performance of all staff members as a result of their training, expertise, and project experience. For this reason, a top priority in VAMED’s human resources management is the further professional development of staff based on comprehensive need-based training programs and targeted staff development measures.

The broad-based course and training portfolio of the VAMED Academy provides all VAMED staff members with a wide range of both professional and personal training and continuing education opportunities. Aside from specialized modules, the Academy also offers personal development courses and training in leadership skills, social competence, and methodological expertise.

In addition, several knowledge platforms, including the International Medical Board (IMB), bundle know-how for the benefit of the staff working for VAMED.

Within the scope of strategic human resources planning, VAMED implements programs specifically for the identification and individual further development of high potentials.

An important example for this is the VAMED Human Capital Management (HCM) program designed to prepare high potentials for assuming managerial responsibilities. The trainee programs are dedicated to the qualification and training of young staff members with an above-average development potential.

Occupational health and safety management

The health and safety of staff members comprise an integral element of VAMED's corporate culture and are firmly anchored in the company's mission statement. All locations of the VAMED Group are subject to local laws and regulations relating to occupational health and safety management. Compliance with these regulations is guaranteed on the local level for each individual site.

Aside from regular occupational health and safety inspections, all VAMED staff members have the possibility to benefit from individual occupational healthcare as well as preventive medical examinations. In addition, the VAMED occupational health management includes a wide range of health-promoting offers.

2.3. Quality management and data protection

VAMED orients its processes towards established quality standards, including ISO 9001, ISO 14001 and ISO 13458 as well as the standards of the European Foundation for Quality Management (EFQM). Moreover, the VAMED Group certified its healthcare facilities according to international standards e.g. JCI (Joint Commission International) or QMS-Reha. VAMED guarantees these quality standards by carrying out regular internal audits as well as external recertifications.

The newly-acquired rehabilitation and care facilities in Germany are members of the independent, supra-regional clinic portal www.qualitätskliniken.de, which publishes data on the quality of the participating institutions.

Patient satisfaction

VAMED continuously measures the level of guest and patient satisfaction in all its healthcare facilities in a structured process. Appropriate targeted measures are implemented following an internal analysis and evaluation of the compiled data.

Data protection

VAMED attaches top priority to protecting the personal data of guests, patients, staff members and business partners with particular care. Confidence in VAMED's ability to ensure conscientious data protection comprises the foundation of a successful business relationship.

Against this backdrop, the data protection management system of VAMED was updated and the EU's General Data Protection Regulation was implemented on time within the context of a group-wide project in 2018.

2.4. Respect for human rights

VAMED respects and promotes human rights in accordance with international standards as part of its corporate social responsibility. Two fundamental aspects are of special importance based on the activities of the VAMED Group:

- VAMED has implemented more than 900 projects in approximately 90 countries. In this way it has helped to provide patients with access to healthcare facilities all around the world.
- In its entire sphere of influence, VAMED is determined to ensure safe working conditions for all staff members in all its healthcare facilities.

2.5. Ethics and compliance

VAMED is committed to respecting ethical standards (compliance rules) with regard to staff members, customers, suppliers and all other business partners. In order to ensure that these high requirements are met, VAMED implemented a group-wide compliance system to monitor adherence to all (self-imposed) obligations as stipulated in the VAMED Code of Conduct.

The VAMED Clinical Code of Conduct governs the professional relationship between medical staff and patients. The code imposes demanding ethical standards for the responsible operation of healthcare facilities. Moreover, training courses in IT security are also carried out on an ongoing basis for the entire staff.

All newly employed staff members must complete the e-learning modules for the training which is relevant to them. In addition, all staff members are obliged to repeat the modules on the VAMED Code

of Conduct, the VAMED Clinical Code of Conduct, and the IT Security Guideline every year, thereby ensuring an adequate level of knowledge in the long run.

VAMED also expects its suppliers and business partners to observe ethical standards with regard to their staff members, society, and the environment in their daily operations. The respective obligations are determined by the Code of Conduct for Business Partners.

3. Risk report

3.1. General risks

Professional project controlling and management have become well-established core competencies of the VAMED Group in its Project Business and Service Business. VAMED responds to the general risks associated with its Project Business and Service Business with a well-tested system for their identification, assessment and minimization adjusted to the relevant business activity.

These systems for a reasonable avoidance of default, liquidity, and cash-flow risks comprise organizational measures (e.g., risk calculation standards in the preparation of offers; risk assessment for accepting contracts; ongoing project controlling including project supervisory meetings and continuously updated risk evaluation; budget checking at regular intervals, etc.), quality assurance measures (quality standards across business fields, in particular according to ISO 9001, ISO 13485, ISO 17020, ISO 17025, ISO 14001, ISO 19600, ISO 50001, ISO 27001, EN 15224, EFQM, Joint Commission International/JCI), and measures regarding financial issues (credit reviews; dunning system; ensuring payment through required advance payment, L/Cs, or guaranteed loans; safe investments; sufficient prudential reserves).

In 2018, the VAMED Group continued its successful strategy of increasingly offering full implementation models for healthcare facilities and further expanding its Service Business.

The complexity of sophisticated services in both national and international healthcare markets requires relatively long development periods with significant cost risks.

Although such long development periods are rather common, VAMED is able to put its specific experience, standardized procedure models, knowledge databases, and wide-ranging interdisciplinary technical competencies to good use to substantially shorten these development periods and, as a result, markedly curtail exposure to cost risks.

The entire world is subject to enormous cost pressure in the healthcare system, which is felt in the hospital sector in particular. Strategies in Europe designed to reduce hospital bed capacity, close down or merge hospitals and implement specialized hospitals continue to dominate in the acute care sector.

VAMED addresses this trend through holistic implementation models including financing (e.g., life cycle models and innovative PPP models along the entire VAMED value chain). The practice of fair and reasonable sharing of opportunities and risks with mostly public partners/sponsors and a clear focus on core competencies in each situation enable public contracting authorities to implement investment projects and increase cost effectiveness in the healthcare sector.

Such models can only be implemented by further developing and concentrating the core competencies of the Project Business and Service Business against the backdrop of VAMED's extensive international experience.

Associated risks are sufficiently minimized through quality management, professional knowledge management and comprehensive development programs for staff members and the management alike. In the event of a risk case despite wide-ranging risk mitigation measures, a crisis management system provides for a clearly defined step-by-step plan.

This system is trained on a systematic and regular basis. In particular with regard to its responsibility as an operator of healthcare facilities, VAMED has detailed plans and protective measures in place for patients, guests, and staff members as well as for the continued operation of its healthcare facilities.

3.2. Specific risks

VAMED concludes hedging transactions tailored to the scope of the individual projects and their duration and its duration to provide cover against foreign currency receivables and future purchases of products and services quoted in foreign currencies.

4. Significant events after the balance sheet date

There have been no events which have had a significant impact on the results of operations, financial position, assets and liabilities of the VAMED Group after the end of the year under review.

5. Outlook

Holistic implementation models (PPP and life cycle projects) will continue to significantly impact the business activities of VAMED in Europe in 2019. However, outside of Europe, VAMED will focus on tailored solutions and customer-oriented financial engineering for healthcare facilities along the entire VAMED value chain. Special attention will be paid to the development of integrated healthcare models. Based on its unique range of services in the prevention, acute care, rehabilitation and nursing areas, VAMED will continue its successful path in the 2019 fiscal year. VAMED is active in the rehabilitation and care business, especially in Germany, Austria, Switzerland, Czech Republic and Great Britain. The acquisition of the German rehabilitation and care business from Helios has transformed VAMED into a leading provider in Central Europe in this field. We are striving to further expand our offering of post-acute services in Europe.

We expect global demand in projects and services for hospitals and other healthcare facilities to increase within a low single-digit percentage range.

In general, VAMED differentiates between established and emerging healthcare markets. Our Service Business is much more in demand in established healthcare markets characterized by increasing cost pressure yet also rising cost awareness. Aside from increasing efficiency through professional technical, infrastructural or commercial management, there are numerous processes indirectly controlled by procedures in the medical

and nursing fields that bear substantial potential for additional improved efficiency. VAMED plays an innovative and leading role in the continued development of these processes.

In addition to our services, established target markets also long for infrastructure adaptations to healthcare facilities – especially with regard to life cycle and PPP models. We expect stable growth in the established healthcare markets of Central Europe. Demand will continue to rise due to demographic changes and the increasing need for investments and modernization of public healthcare facilities.

In the emerging healthcare markets, the VAMED Group still focuses on establishing efficient healthcare systems that satisfy people's needs. As the development of primary supply structures has largely been completed, VAMED directs its attention to promoting secondary healthcare structures and creating tertiary as well as teaching and research structures within "Centers of Excellence".

A large number of markets in Asia, the Middle East and Africa increasingly demand professional services in accordance with European standards. For this reason, the core competencies in the Project Business and Service Business of VAMED are also in demand in emerging markets.

In most cases, the market entry is based on VAMED's Project Business. Nevertheless, a customer-oriented offering in the areas of prevention, acute care, rehabilitation and nursing meet with increasing interest in these markets as well. Over the past years, VAMED has been able to build up an excellent reputation on both a national and international level thanks to its comprehensive range of services, professionalism and reliability.

We expect an overall dynamic development among emerging markets. In Africa and Latin America, for example, there is an increasing demand for efficient basic healthcare services according to people's needs. In other markets such as China, Southeast Asia, and the Middle East, the existing infrastructure needs to be further developed in combination with new healthcare structures. In all these cases, VAMED is very well positioned with its integrated healthcare models comprised of acute care and post-acute services.

We want to live up to our high reputation and the trust of our partners and customers both at home and abroad in our competence as well as reliability in terms of costs, deadlines, and quality in 2019 as well. Once again, we will attach top priority to pursuing innovative approaches, developing quality solutions and ensuring their successful implementation in the future. In 2019, VAMED will leverage and

further expand its extensive international network of branches and joint ventures in Central and Eastern Europe, the Middle East, Asia, Africa, Latin America and Australia along the entire VAMED value chain for all customers and partners – for the benefit of people's health and to ensure quality for all patients and all staff members alike.

Vienna, March 1, 2019

The Executive Board



Dr. Ernst Wastler
Chairman of the Executive Board



Mag. Gottfried Koos
Member of the Executive Board



MMag. Andrea Raffaseder
Member of the Executive Board



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Condensed CONSOLIDATED FINANCIAL STATEMENTS
of VAMED AG VIENNA for the fiscal year January 1, 2018 to
December 31, 2018

The consolidated financial statements of the VAMED group are equivalent to the segment report "Fresenius Vamed" in the consolidated financial statements of Fresenius SE & Co. KGaA according to IFRS and are subsequently referred to as "consolidated financial statements of the VAMED group".

VAMED CONSOLIDATED STATEMENT OF INCOME

January 1 to December 31, in T€	Note(s)	2018	2017
Sales	3	1,688,492	1,227,994
Cost of sales	4,5	-1,481,915	-1,074,393
Gross profit		206,577	153,601
Selling and general administrative expenses	6	-102,654	-80,422
Other expenses	7	-921	-1,234
Other income	7	6,671	3,674
Operating result (EBIT)		109,673	75,619
Interest income	8	6,571	2,031
Interest expenses	9	-15,354	-3,701
Earnings before tax (EBT)		100,890	73,949
Income taxes	10	-27,507	-22,969
Earnings after tax (EAT) = net income		73,383	50,980
Net income attributable to non-controlling interests	11	-1,330	-1,395
Net income attributable to the shareholders of VAMED AG		72,053	49,585

VAMED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to December 31, in T€	Note(s)	2018	2017
Earnings after tax (EAT) = net income		73,383	50,980
Other comprehensive income (loss)			
Positions which will be reclassified into net income in subsequent years		71	3,512
Cash flow hedges		-805	1,846
Foreign currency translation		675	2,129
Income taxes on positions which will be reclassified		201	-463
Positions which will not be reclassified into net income in subsequent years		1,941	3,791
Actuarial gains (losses) on defined benefit pension plans		-3,270	3,305
Change in fair value from equity instruments		5,032	0
Other items (mainly severance pay provisions)		1,050	1,574
Income taxes on positions which will not be reclassified		-871	-1,088
Other comprehensive income (loss)		2,012	7,303
Total comprehensive income		75,395	58,283
Comprehensive income attributable to non-controlling interests		-1,249	-1,608
Comprehensive income attributable to the shareholders of VAMED AG		74,146	56,675

VAMED CONSOLIDATED BALANCE SHEET

ASSETS

As at December 31, in T€	Note(s)	2018	2017
Cash and cash equivalents	12	106,490	201,946
Trade accounts receivable less allowances for doubtful accounts	13	325,013	208,154
Accounts receivable from and loans to related parties	14	224,804	18,985
Inventories	15	69,191	445,962
Other current assets	16	526,454	57,955
Total current assets		1,251,952	933,002
Property, plant and equipment	17	411,222	80,463
Goodwill	18	285,584	118,420
Other intangible assets	18	22,712	8,634
Deferred taxes	10	10,106	7,288
Other non-current assets	16	177,983	134,370
Total non-current assets		907,607	349,175
Total assets		2,159,559	1,282,177

LIABILITIES AND SHAREHOLDERS' EQUITY

As at December 31, in T€	Note(s)	2018	2017
Trade accounts payable	19	339,843	293,160
Short-term trade accounts payable to related parties	20	98,300	5,589
Short-term provisions and other short-term liabilities	21, 22	351,621	215,242
Short-term borrowings	23	11,185	7,380
Short-term loans from related parties	23	93,741	130,094
Current portion of long-term debt and liabilities from capital lease obligations	23	8,260	5,676
Short-term accruals for income taxes	24	20,314	9,808
Total short-term liabilities		923,264	666,949
Long-term debt and liabilities from capital lease obligations, less current portion	23	62,434	25,039
Long-term liabilities and loans from related parties	23	359,260	76,565
Long-term provisions and other long-term liabilities	21, 22	62,666	61,721
Pension liabilities	25	39,203	35,844
Non-current income tax provisions	24	84	0
Deferred taxes	10	46,965	26,679
Total long-term liabilities		570,612	225,848
Equity attributable to non-controlling interests		12,341	8,590
Subscribed capital	26	10,000	10,000
Capital reserve	26	236,364	36,188
Other reserves	26	432,782	362,500
Accumulated other comprehensive income (loss)	27	-25,804	-27,898
Equity attributable to the shareholders of VAMED AG		653,342	380,790
Total shareholders' equity		665,683	389,380
Total liabilities and shareholders' equity		2,159,559	1,282,177

VAMED CONSOLIDATED CASH FLOW STATEMENT

January 1 to December 31, in T€	2018	2017
Cash flow from operating activities		
Earnings after tax (EAT) = net income	73,383	50,980
Adjustments to reconcile group net income (EAT) to cash flow from operating activities		
Depreciation and amortization	23,499	11,204
Changes in deferred taxes	2,744	8,319
Gain/loss on disposal of fixed assets	-3,741	-2,657
Other expenses/income not recognized as cash	1,888	1,922
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts receivable, net	-51,135	-18,392
Inventories	51,772	-46,562
Prepaid expenses and other current and non-current assets	-136,995	5,355
Trade accounts receivable from/payable to related parties	22,660	-4,571
Trade accounts payable, accruals and other short- and long-term liabilities	113,255	36,310
Income tax accruals	8,998	76
Cash flow from operating activities	106,328	41,984
Purchase of property, plant and equipment and intangible assets	-34,600	-15,793
Disposal of property, plant and equipment	5,338	8,794
Acquisitions, net	-441,700	-18,545
Divestitures	-17	16
Proceeds from/repayment of borrowings to related parties	-163,904	-1,994
Cash flow from investing activities	-634,883	-27,522
Proceeds from/repayment of short-term loans	3,157	256
Proceeds from/repayment of borrowings from related parties	243,501	51,208
Proceeds from/repayment of long-term debt and liabilities from capital lease obligations	-5,770	3,022
Payments into the capital reserve	199,820	0
Dividends paid	-11,000	-10,700
Changes in non-controlling interests	3,391	-285
Cash flow from financing activities	433,099	43,501
Net change in cash and cash equivalents	-95,456	57,963
Cash and cash equivalents at the beginning of the year	201,946	143,983
Cash and cash equivalents at the end of the year	106,490	201,946
thereof cash and cash equivalents subject to restricted disposition	44,410	41,271

VAMED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 to December 31, in T€	Subscribed capital	Reserves		Other Compre- hensive Income (Loss)	Equity attributable to the shareholders of VAMED AG	Equity attributable to non- controlling interests	Total share- holders' equity
		Capital reserve	Other reserve				
As at December 31, 2016	10,000	37,209	321,693	-34,988	333,914	7,377	341,291
Stock options of the parent company	0	0	1,922	0	1,922	0	1,922
Other comprehensive income (loss)							
Cash flow hedges	0	0	0	1,384	1,384	0	1,384
Foreign currency translation	0	0	0	2,037	2,037	92	2,129
Actuarial gains (losses) on defined benefit pension plans	0	0	0	2,594	2,594	0	2,594
Other items (mainly severance pay provisions)	0	0	0	1,075	1,075	121	1,196
Effects of changes of the consolidated group and non- controlling interests	0	0	0	0	0	-110	-110
Creation and/or reversal of reserves	0	-1,021	0	0	-1,021	0	-1,021
Dividends	0	0	-10,700	0	-10,700	-285	-10,985
Net income	0	0	49,585	0	49,585	1,395	50,980
As at December 31, 2017	10,000	36,188	362,500	-27,898	380,790	8,590	389,380
Changeover effects from the initial application of IFRS 9 and IFRS 15	0	0	11,563	0	11,563	0	11,563
Adjusted balance as at January 1, 2018	10,000	36,188	374,063	-27,898	392,353	8,590	400,943
Stock options of the parent company	0	0	1,888	0	1,888	0	1,888
Other comprehensive income (loss)							
Cash flow hedges	0	0	0	-604	-604	0	-604
Foreign currency translation	0	0	0	684	684	-9	675
Actuarial gains (losses) on defined benefit pension plans	0	0	0	-2,640	-2,640	0	-2,640
Change in fair value from equity instruments	0	0	0	3,774	3,774	0	3,774
Other items (mainly severance pay provisions)	0	0	0	880	880	-72	808
Effects of changes of the consolidated group and non- controlling interests	0	0	-3,425	0	-3,425	2,728	-697
Creation and/or reversal of reserves	0	200,176	0	0	200,176	0	200,176
Dividends	0	0	-11,797	0	-11,797	-226	-12,023
Net income	0	0	72,053	0	72,053	1,330	73,383
As at December 31, 2018	10,000	236,364	432,782	-25,804	653,342	12,341	665,683



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GENERAL NOTES

1. General

I. Group structure

The VAMED group is a global provider of services in the healthcare sector. The headquarters and location of the lead company, VAMED Aktiengesellschaft, are in 1230 Vienna, Sterngasse 5.

VAMED Aktiengesellschaft (hereafter also VAMED AG, or VAG) is owned by Fresenius ProServe GmbH (hereafter also FPS), Bad Homburg v.d.H., a fully-owned subsidiary of Fresenius SE & Co. KGaA (hereafter FSE), Bad Homburg v.d.H., (77%), IMIB Immobilien und Industriebeteiligungen GmbH, Vienna, (13%), and B & C Beteiligungsmanagement GmbH, Vienna (10%).

Fresenius is a globally active healthcare group with products and services for dialysis, hospitals, and medical care for outpatients. The Fresenius Group further operates hospitals and provides engineering and general services for hospitals and other healthcare facilities. In addition to the activities of FSE, the operating activities were split into the following legally independent business segments (subgroups) in the fiscal year under review:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

General notes on the financial statements of the VAMED group

VAMED AG is included in the consolidated financial statements of Fresenius SE & Co. KGaA with its seat in 61352 Bad Homburg v.d.H., Germany, and makes use of the exemption provisions under Section 245, Austrian Business Code. FSE prepares consolidated financial statements in German in accordance with IFRS under Section 315a, German Commercial Code, and is subsequently designated to be the "parent company".

For this reason, the financial statements of the VAMED group have been prepared on a voluntary basis and are fully in line with the segment reporting for the "Fresenius Vamed" segment in FSE's consolidated financial statements pursuant to IFRS.

The financial statements of the VAMED group are prepared in euros. For the purpose of clear presentation, figures are given in thousands of euros (T€). As a result of the required rounding, minor deviations of total and percentage figures may occur. The VAMED group's

financial statements deviate from the International Financial Reporting Standards (IFRS) and the interpretations by the International Financial Reporting Interpretations Committee (IFRIC) in the following points:

- Goodwill from the acquisition of the VAMED group at the level of the parent company FSE has been included in the financial statements of the VAMED group (push-down accounting).
- Goodwill from acquisitions of other FSE segments has been included in the VAMED group's financial statements at the values indicated by FSE (push down accounting) or arises from the difference between the purchase prices and the amortized carrying amounts. The total goodwill resulting from the above circumstances amounts to €206.7 million.
- Non-controlling interests of the Fresenius company FNT Rehaklinik-Beteiligungsgesellschaft mbH are not reported in the consolidated financial statements of VAMED in accordance with the guidelines of the parent company. These non-controlling interests amounted to €7.4 million at the balance sheet date.
- The present notes on the VAMED group's consolidated financial statements have been drawn up to the extent required for a clear understanding of the balance sheet and the income statement and do not claim to be complete in the sense of the International Financial Reporting Standards (IFRS).

As for the full wording of the abbreviated company names used in these notes, please refer to the List of Participating Interests. Broken down into "fully consolidated companies" and "non-consolidated companies", this list provides company names in alphabetical order on the basis of their abbreviations as used within the group.

Those companies are also shown as affiliated and non-consolidated entities which are included in the FSE financial statements via FSE's consolidated group.

II. Basis of presentation

The consolidated financial statements of the VAMED group have been prepared in accordance with the parent company's guidelines (in particular regarding the application of IFRS, materiality thresholds, and the determination of the consolidated group) and for the purpose of drawing up FSE's consolidated financial statements, and are included in FSE's consolidated financial statements according to IFRS as the "Fresenius Vamed" segment. In order to improve the clarity of presentation, various items have been aggregated in VAMED's consolidated balance sheet

and income statement. These items are analyzed separately in the notes, providing useful information to the addressees of VAMED's consolidated financial statements.

The VAMED group's balance sheet contains the information under IAS 1 (Presentation of Financial Statements) and is presented according to the liquidity of the assets and liabilities. The consolidated statement of income is classified using the cost-of-sales accounting method.

The VAMED group has been applying IFRS 15, Revenue from Contracts with Customers, since January 1, 2018, as well as IFRS9, Financial Instruments. As a consequence of their implementation, the VAMED group carried out a corresponding adjustment of its accounting principles. Changes relating to the application of IFRS 15 and IFRS9 are explained in Note III x) Recently applied standards. For all other circumstances, the accounting methods correspond to those applied for the consolidated financial statements as at December 31, 2017.

III. Summary of significant accounting principles

a) Principles of consolidation

The financial statements of consolidated entities have been prepared using uniform accounting methods. Acquisitions of companies are accounted for applying the purchase method.

Capital consolidation is performed by offsetting investments in subsidiaries against underlying revalued equity at the date of acquisition. The assets and liabilities of

subsidiaries, as well as non-controlling interests, are recognized at their fair values. In case of acquisitions within the group, the carrying amounts have been recognized. Any remaining debit balance is recognized as goodwill and is tested at least once a year for impairment.

All intercompany sales, expenses, income, receivables and payables are eliminated. In the year under review, no profits and losses on items of property, plant and equipment and inventory acquired from other group entities had to be eliminated. Deferred tax assets are recognized on temporary differences resulting from consolidation procedures. Non-controlling interests comprise the "interest of non-controlling shareholders" in the consolidated equity of group entities. Profits and losses attributable to the non-controlling shareholders are separately disclosed in the income statement.

Companies that have not been included in VAMED's consolidated financial statements are recognized at cost or at their fair values.

b) Composition of the group

The consolidated financial statements of the VAMED group include VAMED AG as well as all material companies in which VAMED AG holds a direct or indirect majority interest, or a majority of voting rights and may exercise control. As at the end of the 2018 fiscal year, VAMED's consolidated financial statements included VAMED AG and 23 (2017: 26) Austrian as well as 102 (2017: 45) foreign companies.

The following companies were consolidated for the first time during the year under review:

Abbreviation	Company and seat	Foundation/acquisition	Effective date
AVN-GB	Avensys UK Group Limited, Kidderminster, Great Britain	Acquisition	June 1, 2018
AVN-TR	Avensys UK Training Limited, Kidderminster, Great Britain	Acquisition	June 1, 2018
AVN-UK	Avensys UK Limited, Kidderminster, Great Britain	Acquisition	June 1, 2018
VGH-D	Gesundheit Holding Deutschland GmbH, Damp, Germany (Rehabilitation & Care portfolio in Germany)	Acquisition	July 1, 2018
MSV	medserv-ce GmbH, Sulzbach/Saar, Germany	Acquisition	July 1, 2018
HBK	HELIOS Bau und Krankenhaustechnik West GmbH, Krefeld, Germany	Acquisition	August 1, 2018
HDG	HELIOS Dienste GmbH, Leipzig, Germany	Acquisition	August 1, 2018
HSL	HELIOS Service Leezen GmbH, Leezen, Germany	Acquisition	August 1, 2018
TIP	TIPP Sterilisationsdienste West GmbH, Wuppertal, Germany	Acquisition	August 1, 2018
VSB-BPS	VSB-BPS GmbH, Berlin, Germany	Foundation	August 1, 2018
KEB	Klinikum Erfurt Bewachungs GmbH, Erfurt, Germany	Acquisition	October 1, 2018
VE-D	VAMED Engineering Deutschland GmbH, Bad Homburg v.d. Höhe, Germany	Foundation	December 1, 2018

VGH-D bundles the post-acute portfolio of Helios in Germany acquired as at July 1, 2018. As at December 31, 2018, this portfolio consists of 50 additional companies alongside VGH-D.

MSV was merged into its parent company HTB in December 2018.

The companies VMT, VE (P) and VE (U) were deconsolidated as at January 1, 2018.

Special purpose entities (SPEs) would be required to be consolidated if a company of the VAMED group exercised controlling interest over an SPE (i.e., essentially receives all benefits and incurs all risks). Companies of the VAMED group participate in longer-term project companies set up for defined periods of time and for specific purposes, meaning the construction and operation of thermal spas. These project companies have not been consolidated because they are SPEs but VAMED does not exercise a controlling interest in them. In the year under review, the project companies generated sales of € 123 million (2017: € 119 million) on a preliminary basis. These SPEs are mainly financed through debt, participation rights and investment grants. Assets and liabilities relating to these project companies are not material. The VAMED group made no further payments to these project groups other than those which are contractually stipulated. From today's perspective and due to existing contractual regulations, the VAMED group is not exposed to any material risk of loss from these project companies.

A complete list of investments on the part of VAMED AG is provided in detail in these notes.

c) Classifications

The classification of the items in VAMED's consolidated financial statements is based on the presentation in the parent company's consolidated financial statements under IFRS.

d) Sales recognition policy

Sales recognition takes place pursuant to IFRS 15 Revenue from Contracts with Customers.

Sales from services and product deliveries are invoiced in line with customary contractual agreements with customers, patients and third parties involved. The transaction price for healthcare facilities is based on list prices, reimbursement arrangements or government regulations. As a rule, these reimbursement arrangements are concluded with third parties such as health insurance funds or insurance companies. Contractually

stipulated deductions such as price reductions or discounts are considered, if necessary, in order to calculate the expected refunds. These are determined on the basis of historical data.

Sales from services are generally recognized on the date the services are provided. At this point in time the customer is obliged to pay for the performed services. Product sales are recognized when the customer obtains control over the product, either after possession is transferred to the customers, after installation and provision of the necessary technical instructions to the customer or at another point in time in which control over the product is clearly defined.

As a rule, contractual obligations from long-term production contracts are fulfilled over a period of time. Sales are recognized on the basis of a project's percentage of completion. The percentage of completion is determined either on the basis of the percentage of costs already incurred in relation to the estimated total cost of the contract, milestones laid down in the contract or the percentage of completion, depending on which method is more suitable to assess the progress made in rendering the services in question. Sales are recognized net less value added tax.

e) Government grants

Public sector grants are generally not recognized until there is reasonable assurance that the respective conditions are fulfilled, and the grants will be received. At first, the grant is recorded as a liability and offset against earnings over the useful life of the asset in line with depreciation.

f) Impairment

The VAMED group reviews the carrying amount of its property, plant and equipment, its intangible assets with definite useful lives as well as other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount is higher than the net realizable value of the assets or the value in use. The net realizable value of an asset is defined as its fair value less costs to sell. The value in use is the present value of future cash flows expected to be derived from the relevant assets. If it is not possible to estimate the future cash flows from the individual assets, impairment is tested on the basis of future cash flows of the smallest cash-generating units (CGUs).

If the reasons for impairment cease to exist, a corresponding reversal of impairment or write-up to the amortized costs of acquisition and production of the

assets is carried out with the exception of goodwill write-downs.

Assets held for sale are reported at the lower of the carrying amount or fair value less cost to sell. No depreciation is carried out for such assets. No such assets are shown in the year under review.

g) Capitalized interest

The VAMED group capitalizes interest on borrowed capital as part of the costs of the assets if they are directly attributable to the acquisition, construction or manufacturing of qualifying assets. No interest on borrowed capital was capitalized in the 2018 fiscal year, as in the previous period.

h) Income taxes

Current income taxes are determined on the basis of the financial results for the fiscal year as at the balance sheet date, taking into account the legal situation in the various countries. Expected or paid additional tax expenses and tax income for previous periods are also taken into consideration.

Deferred tax assets and liabilities are recognized for future consequences attributable to temporary differences between the carrying amounts of existing assets and liabilities and their respective tax basis as reported in the VAMED group's consolidated financial statements. Furthermore, deferred taxes are recognized on consolidation procedures affecting net income. Deferred tax assets also include claims to future tax reductions which arise from the expected usage of existing tax losses available for carryforwards. The recoverability of deferred tax assets from tax losses carried over, and their usability, is assessed on the basis of the VAMED group's performance planning as well as tax strategies that can be practically implemented.

Deferred taxes are calculated using rates applicable for the period in which an asset is likely to be realized or a liability is likely to be redeemed. The tax rates used are those that have been enacted or published as at the balance sheet date.

The recoverability of the carrying amount of a deferred tax asset is reviewed at each balance sheet date. In assessing the recoverability of deferred tax assets, the management considers to which extent it is probable that the deferred tax asset will be realized. Realization of deferred tax assets is dependent on the generation of future taxable income during periods in which those temporary differences and tax loss carryforwards become deductible. In making this assessment,

the management considers the expected reversal of deferred tax liabilities and projected future taxable income.

The carrying amount of a deferred tax asset is shown to the extent that it is probable that sufficient taxable profit will be available to utilize part or all of the respective deferred tax asset.

The VAMED group recognizes tax claims and liabilities from uncertain tax positions to the extent that it is likely that the tax will be refunded or has to be paid. Interest related to income tax obligations is recognized by the VAMED group as interest expenses and other surcharges as general administrative expenses.

i) Inventories

Inventories comprise all assets which are held for sale in the normal course of business (finished products), in the process of production for such sale (work in progress, including long-term production contracts and services not yet invoiced) or consumed in the production process or in the rendering of services (raw materials and supplies).

As regards raw materials and supplies, merchandise, and work which has not yet been invoiced, are stated either at the lower of acquisition or manufacturing cost (determined by using the average cost or first-in, first-out method) or net realizable value.

j) Property, plant and equipment

Property, plant, and equipment are stated at acquisition and manufacturing cost less accumulated depreciation. Ongoing maintenance and repair expenses are immediately recognized as expenses. The costs for the replacement of components and the general overhaul of property, plant, and equipment are capitalized provided it is probable that future economic benefits are generated for the VAMED group and the costs can be reliably measured. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets, ranging from 1 to 60 years for buildings and improvements and 1 to 23 years for technical plants, machinery and equipment.

k) Intangible assets with definite useful lives

In the VAMED group, intangible assets with definite useful lives resulting from consolidation, such as customer relations, are amortized using the straight-line method over the remaining useful lives of the assets (usually 1 to 9 years) and reviewed for impairment. All other intangible assets are

amortized over their individual estimated useful lives between 1 and 15 years.

Impairment losses are recognized in the event of losses in value of a lasting nature. If the reasons for impairment no longer apply, the impairment losses are reversed up to the amount of the amortized costs of acquisition and production.

l) Goodwill and other intangible assets with indefinite useful lives

The VAMED group identifies intangible assets with indefinite useful lives if, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the group. The identified intangible assets with indefinite useful lives, such as trade names or management contracts, are recognized and reported apart from goodwill. They are recorded at acquisition costs.

In order to evaluate the recoverability of individually separable intangible assets with indefinite useful lives, the VAMED group compares the fair values of these intangible assets with their carrying amounts. The fair value of an intangible asset is determined using the discounted cash flow approach and other methods, if appropriate.

Goodwill is generally not amortized but tested for impairment annually or when an event becomes known that could trigger impairment (impairment test). In order to perform the annual impairment test of goodwill, the VAMED group identified groups of cash-generating units (CGUs) and determined the carrying amount of each CGU by assigning assets and liabilities to it. As a rule, a CGU is determined to be one level below the business segment level in line with operational control ("management approach"). The fair value of each group of CGUs is compared to its carrying amount at least once a year. The fair value of a CGU is determined using a discounted cash flow approach based upon the cash flow expected to be generated by such a CGU. In case the value in use of the CGU is less than its carrying amount, the difference is recorded as an impairment of the fair value of such CGU's goodwill at first.

For the goodwill of the "Fresenius Vamed" segment shown in the consolidated financial statements of the VAMED group as determined by the parent company, impairment tests are carried out for the CGUs "Project Business" and "Service Business".

A negative difference, if any, resulting from the

purchase price allocation ("lucky buy", bad will) after a review of the value approach is immediately recognized in profit or loss.

The recoverability of goodwill recorded in VAMED's consolidated balance sheet was verified. As a result, the VAMED group did not record any impairment losses on goodwill in the 2018 and 2017 fiscal years.

m) Leasing

Leased assets assigned to the VAMED group based on the risk and rewards approach (finance leases) are recognized as property, plant, and equipment and measured at their fair values on the date of receipt as long as the present values of lease payments are not lower. Leased assets are depreciated on a straight-line basis over their useful lives. If there is doubt as to whether title to the leased asset passes at a later stage and there is no advantageous purchase option, the asset is depreciated over the contractual lease term, provided it is shorter. An impairment loss is recognized if the recoverable amount is lower than the amortized cost of the leased asset. Corresponding write-ups are carried out should the reasons for impairment no longer apply.

Finance lease liabilities are measured at the present value of the future lease payments and are recognized as financial liabilities.

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Purchases and sales of financial assets are recognized on the trading day. Beyond that the VAMED group does not make use of the possibility to classify financial liabilities at fair value (fair value option) through profit or loss upon initial recognition. For selected equity instruments which are not held for sale, the VAMED group makes use of its right to account for changes in fair value in other comprehensive income (loss).

The categorization of financial instruments is carried out on the basis of the analysis of the terms and conditions of the underlying business models and payment flows as stipulated in IFRS 9 Financial Instruments. The following categories are relevant for the VAMED group: financial assets or liabilities measured at amortized cost, financial assets or liabilities measured at fair value and assets recognized at fair value through other comprehensive income (OCI).

Cash and cash equivalents

Cash and cash equivalents comprise cash funds and all short-term investments with maturities of up to three months. The risk of changes in value is insignificant.

Trade accounts receivable

Trade accounts receivable are stated at their nominal value less lifetime expected credit losses.

Impairment of financial assets

Recognition of impairment losses pursuant to IFRS 9 is based on expected losses (expected credit loss model-ECL). The VAMED group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost, contract assets and lease receivables.

The VAMED group primarily recognizes a loss allowance for expected credit losses (impairments on doubtful accounts) for trade accounts receivable and contract assets. The expected credit losses are updated at the respective reporting date to reflect changes in credit risk since initial recognition of the respective instrument. For trade accounts receivable, the VAMED group uses the simplified method which requires recognizing lifetime expected credit losses. Expected credit losses on cash and cash equivalents are measured according to the general method which is based on 12-month expected credit losses ECL) Due to the short maturity term of the financial instruments, this corresponds with the lifetime expected loss. A significant increase in credit risk is calculated on the basis of available quantitative and qualitative information. Based on external credit ratings of the counterparties, the VAMED group considers that its cash and cash equivalents have a low credit risk.

The VAMED groups does not expect any material credit losses for financial instruments recognized in accordance with the general method.

Evaluations which are specific to customers and financial assets are carried out to determine impairment losses. Current financial stability and applicable future economic conditions are also taken into account in addition to payment history.

In case of objective evidence of a detrimental impact on the estimated future cash flows of a financial asset, the asset is considered to be credit impaired (with an adversely affected credit standing). This is usually the case after no more than 360 days of being overdue.

When a counterpart defaults, all financial assets against this counterpart are considered impaired. The definition of default is mainly based on payment practices specific to individual regions and businesses.

Derivative financial instruments

Derivative financial instruments, primarily foreign currency forward contracts and interest swaps, are recognized in the balance sheet as assets or liabilities at fair value. The effective portion of changes in fair value of derivative financial instruments classified as cash flow hedges is reported as accumulated other comprehensive income (loss) until the secured underlying transaction is realized. The non-effective portion of cash flow hedges is immediately recognized in earnings for the current period. Changes in the fair value of derivatives with regard to which no hedge accounting is applied are recognized periodically in earnings.

Derivatives embedded in host contracts are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

o) Liabilities

Liabilities are generally stated at the balance sheet date at amortized costs, which normally corresponds to their repayment amount.

p) Legal contingencies

During the ordinary course of its operations, the VAMED group is subject to legal disputes and proceedings relating to various aspects of its business. The VAMED group regularly analyzes current information about such claims for probable losses and provides accruals for potential liabilities resulting from such legal proceedings, including estimated expenses for legal services, as appropriate. The VAMED group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual for legal contingencies, the VAMED group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

q) Other provisions

Provisions for taxes and other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future, and the amount can be reliably estimated.

Provisions for warranties and complaints are estimated based on historical data.

Tax provisions include obligations for the current year as well as prior years.

Long-term provisions with a remaining period of more than one year are discounted to the present value of the expenditures expected to settle the obligation.

r) Pension liabilities and similar obligations

The actuarial valuation of pension liabilities is carried out in accordance with IAS 19 Employee Benefits (amended 2011) based on the accumulated benefits obligations approach for post-employment benefit obligations (projected unit credit method), taking future wage, salary, and pension increase rates into account.

The VAMED group uses December 31 as the measurement date in determining the funded status of all plans.

The net interest expense (net interest income) is determined by multiplying the net defined benefit liability (net asset) by the discount rate used to determine the gross defined benefit obligation at the beginning of the period. The pension liability results from the benefit obligation less the fair value of plan assets.

Remeasurements include actuarial gains and losses resulting from the evaluation of the defined benefit obligation as well as from the difference between the actual return on plan assets and the expected return on plan assets at the beginning of the year used to calculate the net interest costs.

Remeasurement effects are immediately shown under "Other comprehensive income (loss)" and not recognized in profit or loss in subsequent periods. The components of the net pension expense are recognized in profit or loss for the period.

s) Share-based compensation plans

The total value of FSE stock options, phantom stock and performance shares granted to members of the VAMED group's Executive Board and the VAMED group's staff is determined in accordance with actuarial models and recognized as expenses over the vesting period of the stock option plans.

The fair value at the measurement date of cash-settled phantom stock granted to members of the Executive Board and to senior executives of the VAMED group is calculated using the Monte Carlo simulation. The corresponding liability based on the fair value at the measurement date is accrued over the vesting period of the phantom stock plans.

t) Foreign currency translation

The reporting currency is the euro. Substantially all assets and liabilities of the foreign subsidiaries are translated at the exchange rate on the balance sheet date, while sales and expenses are translated at average exchange rates. Adjustments due to foreign currency translation fluctuations are excluded from net earnings and are reported in "Accumulated other comprehensive income (loss)".

Gains and losses arising from the translation of foreign currency positions, as far as these are not considered foreign equity instruments, are recorded as "Other expenses" or "Other income". In the year under review, the VAMED group recognized T€ 777 (2017: T€ 1,094) as other expenses and T€ 147 (2017: T€ 443) as other income.

The exchange rates of the main currencies affecting foreign currency translation developed as follows:

	Year-end exchange rate		Average exchange rate	
	Dec. 31, 2018	Dec. 31, 2017	2018	2017
AED (United Arab Emirates dirham) per €	4.205	4.405	4.338	4.149
CHF (Swiss franc) per €	1.127	1.170	1.155	1.112
CZK (Czech crown) per €	25.725	25.540	25.647	26.327
GBP (British pound) per €	0.895	0.887	0.885	0.877
SAR (Saudi riyal) per €	4.295	4.498	4.429	4.237
QAR (Qatari riyal) per €	4.184	4.398	4.318	4.160
PEN (Peruvian sol) per €	3.856	3.888	3.880	3.685
BOB (Bolivian boliviano) per €	7.899	8.230	8.160	7.812
TTD (Trinidad and Tobago dollar) per €	7.751	8.115	7.979	7.628
USD (US dollar) per €	1.145	1.199	1.181	1.130

v) Use of estimates

The preparation of the VAMED group's consolidated financial statements in conformity with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of sales and expenses during the reporting period. Actual results may differ from those estimates. Estimates and discretionary decisions are required in particular for the items trade accounts receivable, inventories, deferred tax assets and pension liabilities as well as for the assessment of the recoverability of goodwill.

u) Fair value hierarchy

The three-tier fair value hierarchy according to IFRS 7 Financial Instruments: Disclosures classifies assets and liabilities recognized at fair value based on the inputs used in determining the fair value. Level 1 is defined as observable inputs such as prices quoted in active markets.

Level 2 is defined as inputs other than prices quoted in active markets that are directly or indirectly observable.

Level 3 is defined as unobservable inputs for which little or no market data exist, therefore requiring the company to develop its own assumptions.

w) Receivables management

The entities of the VAMED group perform ongoing evaluations of the financial situation of their customers and, in the vast majority of cases, require collateral in the form of down payments, letters of credit or bank guarantees from the customers, particularly when they place construction orders.

x) Recently applied standards

During the 2018 fiscal year, those IFRS standards were applied which are mandatorily applicable for fiscal years starting on January 1, 2018. In the 2018 fiscal year, the following standards with a material impact on the business operations of the VAMED group were applied for the first time:

IFRS 15

In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15 Revenue from Contracts with Customers. IFRS 15 specifies how and when companies reporting under IFRS will recognize revenue as well as providing users of financial statements with more informative and relevant disclosures. IFRS 15 supersedes IAS 18, Revenue, IAS 11, Construction Contracts and a number of revenue-related interpretations. This standard applies to nearly all contracts with customers, with the main exceptions being leases, financial instruments and insurance contracts. The VAMED group has applied IFRS 15 since January 1, 2018. In accordance with the transition provisions in IFRS 15, the new rules have been adopted only to those contracts that were not completed as of January 1, 2018 following the cumulative effect method without restatement of previous periods.

In the VAMED group, sales from long-term production contracts are no longer recognized using the percentage of completion method (PoC method) but according to the IFRS 15 guidance for performance obligations satisfied over time. This did not lead to any changes to the consolidated statement of income.

In the consolidated balance sheet, the amounts that were included in inventory under the PoC method will generally be recognized as contract assets according to IFRS 15. Contract assets are included in other current and other non-current assets in the consolidated balance sheet. At the end of the reporting period, T€430,146 were included in other current assets that would have been included in inventories according to the former rule.

IFRS 9

In July 2014, the IASB issued a new version of IFRS 9, Financial Instruments. This IFRS 9 version is considered the final and complete version, thus, mainly replacing IAS 39 as soon as IFRS 9 is applied. It includes all prior guidance on the classification and measurement of financial assets and financial liabilities as well as hedge accounting and introduces requirements for the impairment of financial instruments as well as modified requirements for the measurement categories of financial assets. The impairment provisions reflect a model that relies on expected losses (expected loss model). This model comprises a three-stage approach: Upon recognition, an entity shall recognize losses that are expected within the next twelve months. If credit risk deteriorates significantly, from that point in time impairment losses shall amount to the lifetime expected losses.

In case of objective evidence of impairment, there is an assignment to stage 3. The provisions for classification and measurement are amended by introducing an additional third measurement category for certain debt instruments. Such instruments shall be measured at fair value with changes recognized in other comprehensive income (loss) (fair value through other comprehensive income). The standard is accompanied by additional disclosure requirements and is effective for fiscal years beginning on or after January 1, 2018.

In accordance with IAS 39 and IFRS 9, the majority of the non-derivative financial assets are measured at amortized costs. No material impact results from the measurement of non-derivative financial assets under IFRS 9. For selected equity instruments, the VAMED group makes use of its right to present changes in fair value in other comprehensive income (loss). The requirements for the classification and measurement of non-derivative financial liabilities have not changed significantly. Accordingly, IFRS 9 has a limited impact on the consolidated financial statements. Derivatives not designated as hedging instruments will continue to be classified and measured at fair value through profit and loss.

The VAMED group applies IFRS 9 by using the modified retrospective method without restatement of previous periods. Differences between the carrying amounts of financial assets and financial liabilities as at December 31, 2017, according to IAS 39 and the identified carrying amounts as of January 1, 2018, according to IFRS 9 are recognized in other reserves.

IFRS 9 also has an impact on the accounting policies for classifying financial instruments, on the methodology used to assess the impairment of financial instruments and on hedge accounting requirements.

y) Recent standards which are not yet applied

The International Accounting Standards Board (IASB) issued the following relevant new standards for the VAMED group which are mandatory for fiscal years commencing on or after January 1, 2019:

IFRS 16

In January 2016, the IASB issued IFRS 16 Leases which replaces the current standard on lease accounting, IAS 17, as well as the interpretations IFRIC 4, SIC 15, and SIC 27. IFRS 16 significantly improves lessee accounting. For all leases, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The exception to this accounting treatment are leases with a maximum term of twelve months (short-term leases) as well as leases in which the underlying assets are of a low value (e.g. IT equipment or office furniture and equipment).

Depreciation of the right-of-use asset and interest on the lease liability must be recognized in the income statement for every lease contract. Therefore, straight-line rental expenses are no longer shown for the vast majority of leases.

Accounting requirements for lessors largely correspond to the previous rules contained in IAS 17.

The standard is effective for fiscal years beginning on or after January 1, 2019. Earlier application is permitted for entities that have already adopted IFRS 15 at this point in time. The VAMED group decided that IFRS 16 will not be adopted early and expects a balance sheet extension due to the balance sheet recognition of right-of-use assets and liabilities for agreed lease payment obligations, currently classified as operating leases, resulting in particular from leased clinics and buildings. As for the consolidated income statement, the VAMED group expects an improvement in the earnings before interest, tax, depreciation and amortization (EBITDA) as well as operating income due to the separation of rental expenses into depreciation and interest expenses but without effect on the cash outflows. The impact on the VAMED group will depend on the contract portfolio at the effective date as well as the applied transition method.

The VAMED group will apply the modified retrospective method as a transition method pursuant to IFRS 16. Accordingly, the accumulated adjustment impacts will be recognized in the opening balance of other reserves as at January 1, 2019 without restatement of

previous periods. In applying the modified retrospective method, the carrying amount of the leasing liabilities at the date of initial application correspond to the remaining leasing payment obligations stipulated in the lease which are classified as operating lease obligations pursuant to IAS 17, discounted by applying the incremental borrowing rate at the date of initial application. Moreover, rights-of-use assets are to be recognized. In applying the modified retrospective method, the right-of-use from leases are recognized to the amount of the leasing liability (adjusted by the previously recognized amounts received or paid in advance). For part of the existing lease agreements, the VAMED group records the right-of-use at the carrying amount which would have been recognized in applying the new standard since the date in which the leasing asset was made available by the lessor based on the incremental borrowing rate at the time the new standard is applied.

With respect to the existing options and expedients relating to the first-time application of IFRS 16, the VAMED group chooses the following approach:

- IFRS 16 will only be used for agreements which were previously classified as leases pursuant to IAS 17 and IFRIC 4.
- Recognition, measurement and disclosure requirements contained in IFRS 16 will not be applied for leases which will end within twelve months after the first-time application of IFRS 16. In this case, these leases will be treated as short-term leases and recognized as expenses.
- If the right-of-use is stated at the carrying amount which would have been reported in applying the new standard since the date in which the leasing asset is made available, significant initial direct costs are taken into account when measuring the right-of-use.
- An impairment test will not be carried out at the time IFRS 16 is first applied. The right-of-use for the leased asset will be adjusted by a possible accrual for onerous lease contracts recognized immediately before the time of initial application in the consolidated balance sheet.

Right-of-use will be assigned to the following classes in accordance with the group-specific classification of property, plant and equipment:

- Rights of use relating to properties
- Rights of use relating to buildings and improvements
- Rights of use relating to technical equipment and machinery

In addition to the above-mentioned rights of use, advance payment on rights-of-use will be reported separately. Rights-of-use and liabilities from leases are disclosed separately from property, plant and equipment and other financial liabilities in the consolidated balance sheet.

With respect to contracts which contain non-lease components which are not reported separately from lease components, no separate disclosure will be carried out. Every lease component will be stated together with the related other lease components.

In the VAMED group's view, all other pronouncements issued by the IASB do not have a material impact on the consolidated financial statements, as expected.

As a rule, the VAMED group adopts new reporting standards in the form and at the time these have been adopted for the consolidated financial statements of the majority shareholder FSE.

IV. Critical accounting policies

In the opinion of the management of the VAMED group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments, as well as the uncertainties which affect them, are also important factors to be considered when looking at the present and future operating earnings of the VAMED group.

a) Recoverability of goodwill

Goodwill represents a considerable part of the total assets of the VAMED group. As at December 31, 2018, and December 31, 2017, the carrying amounts of these items were €285.6 million and €118.4 million respectively. This represented 13.2% and 9.2% of the balance sheet total as well as 42.9% and 30.4% equity. Impairment tests of goodwill are performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount might be impaired.

In order to determine possible goodwill impairments, the fair value of the group of CGUs is compared to their carrying amounts. The fair value of each CGU is determined applying the discounted cash flow approach taking account of the weighted average cost of capital (WACC). Estimating the discounted future cash flows involves making a broad range of assumptions, especially regarding future sales prices, quantities sold and costs. In determining cash inflows, the VAMED group utilizes a three-year budget, projections for years four to ten, and a corresponding growth rate for all subsequent years. These growth rates are assumed to be about 1.0% at a planned income tax rate for the group of 25.2%. In the VAMED group, WACC (after income tax) amounts to 5.79%. Country-specific adjustments were not required. In case the value in use of the CGU is less than its carrying amount, the difference is at first recorded as an impairment of the fair value of the CGU. An increase of the WACC by 0.5% would not have resulted in the recognition of an impairment loss in the year under review.

A prolonged downturn in the healthcare industry with selling prices below expectations and/or the costs of the provisions of services and the implementation of construction projects exceeding expectations could adversely affect the VAMED group's estimation of future cash flows in specific sectors. Changes in the macroeconomic environment could impact the discount rate. A possible consequence could be a negative influence of additional impairment losses on goodwill on the VAMED group's future operating results.

b) Legal contingencies

The VAMED Group is not involved in any litigation resulting from the ordinary course of its business, the outcome of which may have a material effect on the financial position, operating earnings or cash flows of the VAMED group. See also "Note 1, General – III. Summary of significant accounting principles, item p) Legal contingencies".

c) Allowance for doubtful accounts

Trade accounts receivable comprise a significant balance sheet item, and the allowance for doubtful accounts requires a comprehensive estimate and assessment made by the management. Trade accounts receivable, net of allowance, amounted to €329.7 million in 2018 and €220.1 million in 2017. The allowance for doubtful accounts amounted to €13.3 million as of December 31, 2018 and €8.3 million as of December 31, 2017.

d) Income taxes

The VAMED group is currently subject to tax audits in Austria and other countries and will continue to be so in the future. Different interpretations of tax laws may result in additional tax payments or refunds for previous years. In order to determine contingent tax assets or liabilities as based on tax assessments that are subject to uncertainties, the management makes estimates and assumptions in accordance with the appropriate tax laws and their interpretations for the respective countries. The assumptions are examined in the fiscal period that provides ample evidence for revising the existing assumptions.

2. Acquisitions and divestitures

Reference is made to the list included in Note 1, General – III. Summary of significant accounting principles, item b) Composition of the group with respect to the companies acquired during the reporting year and included in the consolidated group.

Acquisitions in the 2018 fiscal year were consolidated as of the acquisition date. Goodwill of €165.3 million was recognized on the basis of the preliminary purchase price allocation.

On the basis of the preliminary purchase price allocation, inclusion of the companies acquired during the past of previous fiscal years in the consolidated group had the following impact on the sales and earnings development and balance sheet of the VAMED group (in €million):

Sales	260.7
EBITDA	38.1
EBIT	26.7
Interest income	-4.9
Net income	17.8
Balance sheet total	692.4

The company Krankenhaus-Sterilisation Baden-Württemberg GmbH, Müllheim, Germany (KSW) was transferred to the ownership of Helios on June 1, 2018. This did not result in any material impacts on the consolidated financial statements.

NOTES ON THE INCOME STATEMENT

(All figures are stated in T€ with the exception of staff numbers.)

3. Sales

Revenue from contracts with customers resulted from the following activities:

	2018	2017
Project Business	711,859	605,767
Service Business	976,633	622,227
Sales	1,688,492	1,227,994

Sales broken down by region are as follows:

	2018	2017
Austria	421,511	377,205
Germany	584,068	246,932
Other European countries	306,269	264,785
Africa	109,255	91,921
Latin America	46,167	47,464
Asia	221,222	199,687
Sales	1,688,492	1,227,994

The VAMED group had contractually stipulated performance obligations which were unfulfilled or only partly fulfilled as at December 31, 2018. The fulfillment of these obligations and their recognition in sales is expected in the coming years:

in € million	Transaction price of unfulfilled or partly fulfilled performance obligations
2019	902.5
2020	724.9
2021	601.8
2022	364.7
2013	170.0
Subsequent years	365.1
Total	3,129.0

4. Cost of sales

The cost of sales comprised the following:

	2018	2017
Personnel	481,251	314,941
Material and third-party services, depreciation and amortization	1,000,664	759,452
Cost of sales	1,481,915	1,074,393

5. Personnel expenses

The cost of sales, selling and general administrative expenses included personnel expenses of T€ 550,735 and T€ 364,298 in 2018 and 2017 respectively.

	2018	2017
Wages and salaries	443,330	285,920
Social security contributions, cost of retirement benefits (incl. severance payments) and other personnel expenses	107,405	78,378
Personnel expenses	550,735	364,298

The VAMED group's annual average number of staff numbers by function is shown below:

	2018	2017
Production and services	12,145	7,615
General administration	790	640
Sales and marketing	96	83
Total employees (headcount)	13,031	8,338

6. Selling and general administrative expenses

Selling and general administrative expenses are broken down as follows:

	2018	2017
Selling expenses	13,740	16,481
General administrative expenses	88,914	63,941
Selling and general administrative expenses	102,654	80,422

7. Other expenses, other income

Other expenses mainly include the effects of exchange rate changes, money transfer costs, bank guarantee costs and expenses relating to the revaluation of guarantee obligations.

Other income mainly includes income from investments, gains from the sale of property, plant and equipment as well as intangible assets, exchange rate gains, income from the reversal of non-project-related accruals, income from insurance recovery payments, income from the revaluation of guarantees and other operating income.

8. Interest income

Interest income results mainly from investments held with the parent company FSE, lendings and loans to non-consolidated group companies as well as interest on bank deposits.

9. Interest expenses

Interest expenses result mainly from local and project-related interim financing and from acquisition financing as well as the discounting of non-current assets.

10. Income taxes

The income tax expense for the reporting years consists of the following:

The corporate tax rate in Austria remained unchanged at 25% compared to the previous year. The reconciliation between the expected and actual corporate income tax expense is shown below. The expected corporate income tax expense is calculated by applying the Austrian corporate tax rate on income before income taxes and non-controlling interests.

	2018	2017
Calculated expected income tax expense	25,223	18,487
Increase/reduction on income taxes resulting from:		
Items not recognized for tax purposes	3,957	2,676
Foreign tax rate differentials	-1,978	-1,423
Tax-free income	-1,514	-723
Taxes for previous years	-75	4,014
Other	1,894	-62
Income tax according to the income statement	27,507	22,969
Effective tax rate	27.3%	31.1%

	2018			2017		
	Current tax	Deferred tax	Income taxes	Current tax	Deferred tax	Income taxes
Austria	5,893	5,846	11,739	5,334	6,690	12,024
Germany	11,795	-1,061	10,734	4,283	342	4,625
Other foreign countries	8,317	-3,283	5,034	6,583	-263	6,320
Total	26,005	1,502	27,507	16,200	6,769	22,969

Deferred taxes

The tax effects of temporary valuation differences that give rise to deferred tax assets and deferred tax liabilities mainly result from the valuation of balance sheet items related to long-term production orders (trade accounts receivable, contract assets and project-related accruals), the valuation of equity instruments (investments) at fair value and provisions for employee benefits.

As at the balance sheet date, deferred tax assets amounted to T€ 10,106 and deferred tax liabilities equaled T€ 46,965, resulting in net deferred tax liabilities of T€ 36,859.

As at the balance sheet date, the recognized amount for deferred tax assets from losses carried forward totaled T€ 3,797. The comparable amount was T€ 2,776 in the previous period. According to budget, the losses carried forward meet the criteria for recognition and will be used up over the next five years.

VAMED AG and its subsidiaries are subject to tax audits on a regular basis.

11. Net income attributable to non-controlling interests

The share of profit attributable to non-controlling interests existing in fully consolidated subsidiaries are recognized in the income statement item "Net income attributable to non-controlling interests."

NOTES ON THE BALANCE SHEET

Notes on current assets

(all figures are stated in T€)

12. Cash and cash equivalents

As at December 31, 2018 and December 31, 2017, cash and cash equivalents included restricted items to the amount of T€44,410 and T€41,271 respectively.

13. Trade accounts receivable

The following table presents the credit risk assessment of trade accounts receivable from contracts with customers as well as the allowance for doubtful accounts:

	2018			2017	
	Total	thereof overdue	thereof credit impaired	Total	thereof overdue
Trade accounts receivable	338,026	60,328	24,521	216,232	70,932
Less allowance for doubtful accounts	-13,013	-3,468	-5,738	-8,078	-2,843
Trade accounts receivable, net	325,013	56,860	18,783	208,154	68,089

14. Trade accounts receivable from and loans to third parties

As at December 31, 2018, these receivables were as follows:

	2018	2017
Trade accounts receivable	62,124	17,761
Receivables from financing and other clearing	162,680	1,224
Trade accounts receivable from and loans to third parties	224,804	18,985

As at December 31, 2018, and December 31, 2017, this item included receivables from the group companies FPS and FSE as well as the Fresenius Kabi, Helios and Medical Care segments in the amount of T€200,346 and T€6,783.

15. Inventories

As at December 31, 2018, inventories consisted of the following:

	2018	2017
Raw materials, supplies and purchased components	6,624	2,697
Work in process	60,340	440,829
Finished goods	2,227	2,436
Inventories	69,191	445,962

Due to the initial application of IFRS 15, T€311,273 of work in process (services not yet invoiced) were reclassified from inventories to contract assets.

The companies of the VAMED group are obliged to purchase T€13,875 of goods and services on fixed terms, of which, on December 31, 2018, T€9,308 was committed for purchases in 2019. The terms of these agreements extend over a maximum period of seven years. VAMED's purchase obligations that are matched by purchase obligations with an equivalent value on the part of customers are not shown.

VAMED also has contingent purchase obligations vis-a-vis suppliers in connection with construction projects, the fulfillment of which is linked to the implementation of projects with end customers so that these amounts are not shown.

16. Other current and non-current assets

As at December 31, 2018 and December 31, 2017, other assets were comprised of the following:

	2018			2017		
	Current	Non-current	Total	Current	Non-current	Total
Prepayments	13,407	0	13,407	16,066	0	16,066
Receivables from fiscal authorities	17,153	123	17,276	10,561	300	10,861
Prepaid expenses	11,066	12,331	23,397	7,613	11,005	18,618
Contract assets	430,146	0	430,146	0	0	0
Sundry other assets	45,569	21,157	66,726	17,339	20,250	37,589
Other non-financial assets, net	517,341	33,611	550,952	51,579	31,555	83,134
Derivative financial instruments	70	0	70	864	0	864
Deposits and guarantees paid	6,847	838	7,685	5,105	939	6,044
Investments and long-term loans	0	137,773	137,773	0	88,562	88,562
Non-current trade accounts receivables	0	4,722	4,722	0	11,952	11,952
Sundry other assets	2,196	1,039	3,235	407	1,362	1,769
Other financial assets, net	9,113	144,372	153,485	6,376	102,815	109,191
Other assets, net	526,454	177,983	704,437	57,955	134,370	192,325
Less allowances	124	261	385	40	255	295
Other assets, gross	526,578	178,244	704,822	57,995	134,625	192,620

Since the implementation of IFRS 15 on January 1, 2018, other assets also include non-financial assets from contracts with customers. As at January 1, 2018, a total of T€311,273 in inventories were reclassified as contract assets within the context of the first-time application of IFRS 15.

Contract assets primarily relate to long-term production contracts, in which case sales are recognized over time.

Of the gross values of contract assets, prepayments received which can be directly assigned to individual

projects were capitalized on the assets side. As at December 31, 2018 and December 31, 2017 (stated under inventories for the last time), these capitalized prepayments received amounted to T€681,921 and T€559,933 respectively.

The item "Investments and long-term loans" includes shares held in non-consolidated companies (in accordance with the List of Investments) as well as long-term loans to non-consolidated companies.

No depreciation was recognized on these assets in the 2018 and 2017 fiscal years.

Notes on non-current assets

(all figures are stated in T€)

17. Property, plant and equipment

As at December 31, 2018 and December 31, 2017, acquisition and manufacturing costs as well as accumulated depreciation of property, plant, and equipment consisted of the following:

Acquisition and manufacturing costs	As at January 1, 2018	Changes in entities consolidated	Additions/Transfers	Disposals	Foreign currency translation	As at December 31, 2018
Land and land facilities	4,804	34,967	385	-640	-5	39,512
Buildings and improvements	59,744	386,646	19,025	-1,478	-66	463,871
Machinery, equipment and rental equipment under finance leases	77,353	129,809	15,014	-4,732	266	217,710
Construction in progress	7,763	16,772	-3,363	-398	-13	20,760
Total	149,664	568,194	31,061	-7,248	182	741,853

Depreciation	As at January 1, 2018	Changes in entities consolidated	Additions/Transfers	Disposals	Foreign currency translation	As at December 31, 2018
Land and land facilities	0	0	0	0	0	0
Buildings and improvements	17,988	179,104	6,350	-1,143	1	202,300
Machinery, equipment and rental equipment under finance leases	51,213	67,963	13,424	-4,451	182	128,331
Construction in progress	0	0	0	0	0	0
Total	69,201	247,067	19,774	-5,594	183	330,631

Acquisition and manufacturing costs	As at January 1, 2017	Changes in entities consolidated	Additions/Transfers	Disposals	Foreign currency translation	As at December 31, 2017
Land and land facilities	5,177	148	0	-586	65	4,804
Buildings and improvements	60,537	4,368	3,895	-9,819	763	59,744
Machinery, equipment and rental equipment under finance leases	68,441	5,138	6,537	-2,964	201	77,353
Construction in progress	5,392	0	2,135	-15	251	7,763
Total	139,547	9,654	12,567	-13,384	1,280	149,664

Depreciation	As at January 1, 2017	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2017
Land and land facilities	0	0	0	0	0	0
Buildings and improvements	20,625	0	1,957	-4,650	56	17,988
Machinery, equipment and rental equipment under finance leases	46,823	0	6,862	-2,584	112	51,213
Construction in progress	0	0	0	0	0	0
Total	67,448	0	8,819	-7,234	168	69,201

Carrying amounts	December 31, 2018	December 31, 2017
Land and land facilities	39,512	4,804
Buildings and improvements	261,571	41,756
Machinery, equipment and rental equipment under finance leases	89,379	26,140
Construction in progress	20,760	7,763
Total	411,222	80,463

Depreciation is recognized under cost of sales, selling and general administrative expenses, depending upon the area in which the asset is used.

Leasing

The item "Machinery, equipment and rental equipment under finance leases" includes amounts for leased movable assets and for buildings.

18. Goodwill and other intangible assets

As at December 31, 2018 and December 31, 2017, the acquisition and manufacturing costs as well as the accumulated amortization of intangible assets consisted of the following:

Acquisition and manufacturing costs	As at January 1, 2018	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2018
Goodwill (extraordinary amortization)	119,045	165,865	1,375	-125	182	286,342
Other (scheduled amortization)	32,274	10,796	12,792	-1,895	49	54,016
Total	151,319	176,661	14,167	-2,020	231	340,358

Amortization	As at January 1, 2018	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2018
Goodwill (extraordinary amortization)	625	133	0	0	0	758
Other (scheduled amortization)	23,640	5,750	3,723	-1,856	47	31,304
Total	24,265	5,883	3,723	-1,856	47	32,062

Acquisition and manufacturing costs	As at January 1, 2017	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2017
Goodwill (extraordinary amortization)	99,758	18,858	0	0	429	119,045
Other (scheduled amortization)	26,131	3,830	3,668	-1,230	-125	32,274
Total	125,889	22,688	3,668	-1,230	304	151,319

Amortization	As at January 1, 2017	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2017
Goodwill (extraordinary amortization)	625	0	0	0	0	625
Other (scheduled amortization)	21,915	0	2,826	-1,035	-66	23,640
Total	22,540	0	2,826	-1,035	-66	24,265

Carrying amounts	December 31, 2018	December 31, 2017
Goodwill (extraordinary amortization)	285,584	118,420
Other (scheduled amortization)	22,712	8,634
Total	308,296	127,054

Notes on liabilities and equity

(all figures are stated in T€)

19. Trade accounts payable

Trade accounts payable mainly arise from the project business.

20. Trade accounts payable to related parties

Trade accounts payable include amounts payable to consolidated FSE companies of about T€ 97,262 (2017: T€ 4,836) and to non-consolidated companies of T€ 1,038 (2017: T€ 753).

21. Provisions

As at December 31, 2018 and December 31, 2017, short-term and long-term accruals consisted of the following:

	2018			2017		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Personnel expenses	783	36,304	37,087	1,336	37,573	38,909
Guarantees	2,243	1,981	4,224	1,658	0	1,658
Other provisions	46,936	3,711	50,647	30,062	856	30,918
Provisions	49,962	41,996	91,958	33,056	38,429	71,485

The following table shows the development of provisions in the fiscal year:

	As at January 1, 2018	Changes in entities consolidated	Additions	Consumption	Dissolution	As at December 31, 2018
Personnel expenses	38,909	669	1,227	-3,177	-541	37,087
Guarantees	1,658	0	3,748	-305	-877	4,224
Other provisions	30,918	375	33,043	-11,806	-1,883	50,647
Provisions	71,485	1,044	38,018	-15,288	-3,301	91,958

Provisions for personnel expenses mainly refer to provisions for severance payments and anniversary bonuses. Warranty-related provisions refer to warranty claims related to construction and service projects. Other provisions mainly comprise project-related accruals.

22. Other short-term and long-term liabilities

As at December 31, 2018 and December 31, 2017, other short-term and long-term non-liabilities consisted of the following:

	2018			2017		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Social security related liabilities	7,420	0	7,420	6,389	0	6,389
Tax liabilities	15,047	881	15,928	13,507	123	13,630
Deferred income	8,865	78	8,943	8,692	319	9,011
Contract liabilities	50,347	4	50,351	0	0	0
Sundry other liabilities	101,778	9,963	111,741	35,213	0	35,213
Other non-financial liabilities	183,457	10,926	194,383	63,801	442	64,243
Personnel liabilities	37,541	47	37,588	22,070	0	22,070
Long-term share of trade accounts payable	0	4,247	4,247	0	4,429	4,429
Derivative financial instruments	4	146	150	18	0	18
Accruals for goods and services received	78,221	0	78,221	59,223	0	59,223
Sundry other liabilities	2,436	5,304	7,740	1,811	11,268	13,079
Other financial liabilities	118,202	9,744	127,946	83,122	15,697	98,819
Other liabilities	301,659	20,670	322,329	146,923	16,139	163,062
Advance payments received	0	0	0	35,263	7,153	42,416

Since the implementation of IFRS 15 on January 1, 2018, other liabilities also include non-financial liabilities from contracts with customers. As at January 1, 2018, a total of T€42,416 in advance payments received were reclassified as contract liabilities within the context of the first-time application of IFRS 15.

23. Debt and liabilities from capital lease obligations

a) Short-term borrowings from third parties

These borrowings refer to short-term interim financing.

b) Long-term borrowings and capital lease obligations

As at December 31, 2018, long-term borrowings and liabilities from capital lease obligations consisted of the following:

c) Short-term and long-term borrowings from related parties

This item shows short-term and long-term borrowings from FPS and well as short-term financing from FSE.

	2018			2017		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Long-term borrowings	6,451	31,031	37,482	4,977	21,124	26,101
Lease obligations	1,809	31,403	33,212	699	3,915	4,614
Long-term debt and liabilities from capital lease obligations	8,260	62,434	70,694	5,676	25,039	30,715

24. Accruals for income taxes

This item shows expected tax liabilities (less prepayments).

25. Pensions and similar obligations

Defined benefit obligations have largely been transferred to pension funds. Benefit claims (pensions) are contingent upon the period of service and compensation received. Accrued amounts refer to active beneficiaries as well as former employees and dependents.

In addition to defined benefit plans, there are also defined contribution plans with regard to which payments (dependent on employees' own contributions) are made to pension funds. There are no liabilities exceeding continuous contribution payments for defined contribution plans so that no accruals or liabilities are shown.

External experts are responsible for determining accrued amounts.

The following table shows the changes in benefit obligations, the changes in plan assets and the funded status of the pension plans. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans, while the benefits paid as shown in the changes in plan assets only include benefit payments to pension funds from the VAMED group's funded benefit plans.

	2018	2017
Benefit obligations at the beginning of the year	97,428	87,166
Changes in entities consolidated	4,562	9,503
Foreign currency translation	2,394	-5,005
Service cost	4,038	3,679
Prior service cost	-4,142	0
Interest cost	1,098	854
Employee contributions	1,968	1,710
Transfer	4,015	3,945
Revaluation gains (-) and losses (+)	-976	122
<i>Thereof adjustments made according to experience</i>	<i>2,339</i>	<i>2,182</i>
<i>Thereof changes in financial and demographic assumptions</i>	<i>-3,315</i>	<i>-2,059</i>
Benefits paid	-5,239	-4,546
Adjustments	0	0
Benefit obligations at the end of the year	105,146	97,428
<i>Thereof vested</i>	<i>78,377</i>	<i>70,738</i>
Fair value of plan assets at the beginning of the year	61,584	51,747
Changes in entities consolidated	0	6,826
Foreign currency translation	1,894	-3,808
Interest income from plan assets	572	441
Revaluation gains (+) and losses (-)	-3,010	2,564
Employer contributions	3,902	2,498
Employee contributions	1,968	1,710
Transfer	4,016	3,945
Benefits paid	-4,983	-4,339
Fair value of plan assets at the end of the year	65,943	61,584
Funded status as of December 31	39,203	35,844

The plan assets are neither used by the staff of the VAMED group nor invested in the VAMED group.

The following weighted-average assumptions were utilized in determining benefit obligations as of December 31, 2018 and December 31, 2017:

	2018	2017
Discount rate	1.43%	1.08%
Salary increase	1.60%	1.57%
Pension increase	0.67%	0.61%

In the year under review, benefit costs to the amount of T€422 (2017: T€4,092) accrued for the VAMED group's defined benefit pension plans, which are comprised of the following:

	2018	2017
Service cost	-104	3,679
Net interest cost	526	413
Net periodic benefit cost	422	4,092

The possibility of risk sharing laid out in IAS 19 was used for the companies in Switzerland for the first time. Implementation led to a positive effect recognized in the income statement, impacting the service cost.

Net periodic benefit cost is allocated as personnel expense within the cost of sales or selling and general administrative expenses. The allocation depends upon the area in which the beneficiary is employed.

The following weighted-average assumptions (based on the valuation as at December 31 of the preceding year) were used in determining the net periodic pension cost (NPPC) for the current year:

	2018	2017
Discount rate	1.08%	0.99%
Salary increase	1.57%	1.66%
Pension increase	0.61%	0.73%

Actuarial losses relating to the fair value of the plan assets result from the difference between the expected interest income (based on determining the present value of benefit obligations of the discount rate used in the previous year) and the actual investment income in the reporting period.

Sensitivity analysis

A rise or fall in essential actuarial assumptions by 0.5 percentage points would have the following effects on pension obligations as at December 31, 2018:

Development of pension obligations	+0.5 percentage points	-0.5 percentage points
Discount rate	-6,402	7,229
Salary increase	953	-921
Pension increase	4,983	-2,418

Sensitivity calculations are based on the average term of pension obligations as at December 31, 2018. Calculations were performed separately for the most important actuarial parameters in order to show their respective effects on the present value of pension obligations as at December 31, 2018.

The following table shows the expected future benefit payments:

Fiscal years	Expected benefit payments
2019	5,559
2020	5,091
2021	4,600
2022	4,515
2023	4,572
2024 – 2028	24,950
For the next ten years	Total
	49,287

Plan investment policy and strategy

Plan assets are exclusively managed by the pension funds in line with their investment strategies, and are comprised of the following:

	2018	2017
Equity funds	39.49%	37.06%
Pension funds	27.57%	32.43%
Real estate funds	15.83%	13.66%
Other	17.11%	16.85%

The fair value of the "Other" component of the plan assets is determined on the basis of Level 1 and 2 ("fair value measurement"; approximately 44% and 56% respectively).

Defined contribution plans

The VAMED subgroup's total expense under defined contribution plans for the year under review was T€2,465 (2017: T€1,454).

The main share relates to the plans for Austria and Germany.

26. Shareholders' equity

Subscribed capital

There were no changes in the subscribed capital in the year under review.

Capital reserve

The capital reserve shows the capital reserve from the consolidated financial statements of VAMED AG as at December 31, 2007 (according to the Austrian Commercial Code) plus additions from the first recognition of goodwill (at the parent company level). It also includes one subsidiary's capital reserve which is not available for distribution. Changes in the value of non-controlling interests subject to put options recognized at fair value are also included. Moreover, a hybrid financing obtained in 2018 within the context of the acquisition of the post-acute portfolio in Germany is also included in the capital reserve.

Other reserves

Other reserves comprise earnings generated by group entities in the reporting year and prior years to the extent that they have not been distributed.

Dividends

Under the Austrian Stock Corporation Act, the dividends available for distribution to shareholders are based upon the net profit as shown in VAMED AG's financial statements drawn up under the Austrian Commercial Code.

27. Other comprehensive income (loss)

	Before taxes January 1, 2018		Before taxes December 31, 2018		Tax effect January 1, 2018		After taxes January 1, 2018		After taxes December 31, 2018	
		Changes				Changes				
Cash flow hedges	845	-805	40	-211	201	-10	634	30		
Foreign currency translation	-3,007	684	-2,323	0	0	0	-3,007	-2,323		
Actuarial gains (losses) from defined benefit pension plans	-22,938	-3,270	-26,208	4,832	630	5,462	-18,106	-20,746		
Fair value changes of equity instruments	0	5,032	5,032	0	-1,258	-1,258	0	3,774		
Other items (mainly severance payments)	-9,636	1,122	-8,514	2,217	-242	1,975	-7,419	-6,539		
Other comprehensive income (loss)	-34,736	2,763	-31,973	6,838	-669	6,169	-27,898	-25,804		

OTHER NOTES

28. Commitments and contingent liabilities

Operating leases and rental payments

The companies of the VAMED group lease office buildings as well as machinery and equipment under various lease- and rental agreements expiring on dates until the year 2067.

Expenses in 2018 amounted to T€37,324 compared to T€30,423 in 2017.

Obligations under these contracts payable in the following five years amount to T€161,738, whereas those payable thereafter amount to T€189,336 (2017: T€109,927 and T€122,689 respectively).

The VAMED group has contingent liabilities to the assessable amount of up to €32.2 million (2017: €32.8 million) resulting from guarantees and similar obligations (mainly in connection with various construction and service projects). No amount is indicated for additional contingent liabilities that could not be assessed in the light of the circumstances as at the balance sheet date.

Legal proceedings

In the year under review, the companies of the VAMED group were not involved in any legal proceedings (neither as plaintiff nor as defendant) of material importance with respect to its future business development. All foreseeable risks resulting from other legal proceedings have been covered by write-downs and provisions or insurance contracts.

29. Financial instruments

Valuation of financial instruments

Within the context of changing over to IFRS 9 as at January 1, 2018, the investments of the VAMED group designated as other non-current assets was reclassified from the category "loans and receivables" pursuant to IAS 39 to the IFRS 9 category "Fair value through OCI". Value adjustments are recognized under the item "Fair value changes from equity instruments" in other comprehensive income (loss). Except for this, the changeover did not have any material effects on the valuation categories and the valuation of financial assets and liabilities pursuant to IFRS 9.

The changeover effect on components of equity as at January 1, 2018 resulting from the initial application of IFRS 9 is as follows:

	Other reserves
Remeasurement of investments due to reclassification	31,154
Remeasurement of bad debt allowance for trade accounts receivable and other assets	-269
Deferred tax on adjustments	-8,208
Total	22,677

What follows is an explanation of the main methods and assumptions applied in calculating the fair values of financial instruments.

Cash and cash equivalents are recognized at amortized cost, which generally corresponds to the fair values.

Short-term financial instruments such as trade accounts receivable and trade accounts payable as well as short-term loans are recognized at amortized cost, which comprises an appropriate estimate of fair value due to their short terms to maturity of these instruments.

The fair values of equity instruments traded on an active market are based on quoted prices on the balance sheet date. The fair values of other equity instruments are determined on the basis of observable market information.

Derivative financial instruments consisting mainly of interest swaps and foreign currency forward contracts are measured as follows: the valuation of interest swaps is calculated by discounting future payment flows on the basis of the market interest rates applicable to the remaining term to maturity of the contracts. To determine the fair values of foreign currency forward contracts, the contracted forward rate is compared to the forward rate on the balance sheet date for the remaining term to maturity of the respective contract. The resulting value is discounted, taking the current market interest rates of the respective currency on the balance sheet date into account.

The calculation of the fair values of derivative financial instruments is based on significant other observable values. Derivative financial instruments are measured at fair value in every reporting period. Accordingly, the carrying amounts at the balance sheet date correspond to the fair values.

Derivative financial instruments for which there are no hedging instruments i.e., derivative financial instruments where hedge accounting is not applied, are used only to hedge economic risks and are not concluded for speculative purposes.

The current portion of derivatives is recognized on the consolidated balance sheet under other current assets, short-term provisions and other short-term liabilities. The long-term component of derivative financial instruments is included in other non-current assets, long-term provisions or other long-term liabilities.

The VAMED group is exposed to risks related to foreign exchange fluctuations in connection with its international business activities that are partly denominated in currencies other than the euro. The VAMED group enters into certain hedging transactions with highly rated banks or the parent company's Treasury department in order to manage foreign exchange rate fluctuation risks.

Market risk

The VAMED group is exposed to risks related to foreign exchange fluctuations in connection with its international business activities denominated in numerous currencies. Moreover, interest risks from variable interest rates can arise from long-term financial liabilities.

The VAMED group ensures that the accounting treatment of hedges is oriented to the objectives and strategy of the group's risk management and that a qualitative and future-oriented approach is used to assess the effectiveness of hedging transactions.

In its risk hedging activities, the VAMED group takes into account the economic connection between the hedging instrument and the underlying transaction as well as a high hedging share of the hedged risks. This is ensured by the broad-based compatibility of the contract specifications of the interest rate and foreign exchange contracts with the parameters of the corresponding risk items. For this reason, the annual results of the VAMED group are only negligibly impacted by the ineffectiveness of hedging transactions. Generally speaking, credit default risks and time delays of underlying transactions are potential sources of ineffectiveness. The VAMED group does not conclude any derivative financial instruments for speculative purposes.

The VAMED group has specified the euro as its financial reporting currency. For this reason, foreign currency translation risks from changes in exchange rates between the euro and the local currency in which the annual financial statements of foreign subsidiaries are prepared impact the annual results and the presentation of the financial position in the consolidated financial statements.

The international activities of the group companies also result in transaction risks that relate to sales, purchases, projects and services as well as sales of products and services to other group companies in different currencies. As a result, subsidiaries are impacted by exchange rate changes between the invoiced currencies and the currencies in which local business activities are carried out. The VAMED group enters into foreign exchange forward contracts exclusively for the purpose of hedging existing and foreseeable foreign exchange transaction exposures. The VAMED group solely designates the spot element of the foreign exchange forward contract as hedging instruments in cash flow hedges, applying a 1:1 hedging ratio for the designated risks.

Credit risk

With respect to financial instruments, the VAMED group is substantially exposed to the risk that contractual partners will not fulfill their contractual obligations. This risk is administered through an intensive credit rating throughout the entire project phase, consistent receivables management, taking out insurance cover and by outsourcing the financing risk wherever possible.

Liquidity risk

Liquidity risk is defined as the risk that a company will potentially be unable to fulfill its financial obligations. The VAMED group uses effective working capital and cash management to control liquidity in order to safeguard the liquidity of the company. The management of the VAMED group is convinced that existing lines of credit, cash inflows from operating activities and other short-term financing sources are sufficient to cover foreseeable liquidity requirements.

30. Supplementary information on capital management

The VAMED group has a solid financial profile. The need for debt (in the form of intra-group borrowing and bank loans) mainly arose in connection with the acquisition of new companies. As a result of the receipt of advance payments as well as payments as work progresses, there is little need for debt in the Project Business.

Fundamentally predictable and sustainable cash flows are generated due to the company's diversification within the healthcare sector and its strong market positions in global, emerging, growing and non-cyclical markets. The VAMED group's customers almost invariably have a high credit standing. Moreover, the down payments and provision of security received in the majority of transactions ensure that cash flows can be planned with reasonable certainty.

Further details on the development of shareholders' equity and debt are provided in the Management Report under "1.4 Results of operations, financial position, assets and liabilities of the VAMED group".

31. Notes on segment reporting

The VAMED group has identified the "Project Business" and "Service Business" business segments which corresponds to internal organizational and reporting structures (management approach) as at December 31, 2018.

Sales and proceeds between the business segments are principally invoiced at prices also charged to external entities. Administrative services are billed in accordance with service agreements.

32. Related party transactions

There were no business transactions between companies of the VAMED group and Executive or Supervisory Board members of VAMED AG or of the Fresenius Group during the year under review.

33. Significant events after the balance sheet date

Since the end of the fiscal year, there have been no significant changes in the VAMED group's corporate position or operating environment. At present, there are no plans to carry out any significant changes in the group's structure, administration, legal form or in the area of human resources.

34. Remuneration report

The Executive Board's total remuneration amounted to T€ 2,350 (2017: T€ 2,218).

In the year under review, no loans or advance payments on future remuneration components were made to members of VAMED AG's Executive Board.

35. Information on the Supervisory Board

Members of the Supervisory Board in the year under review were:

Supervisory Board

Dr. Gerd Krick, Chairman
Dkfm. Stephan Sturm, Deputy Chairman
Dr. Robert Hink
KR Karl Samstag
Mag. Andreas Schmidradner

Employee representatives

Josef Artner
Mag. (FH) Thomas Hehle
Ing. Robert Winkelmayr

Supervisory Board remuneration is determined by the VAMED AG Annual General Meeting and totaled T€ 137 (2017: T€ 102) in the year under review.

36. Auditor's fees

The fees for the auditor Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna and other Deloitte companies abroad in the 2018 and 2017 fiscal years were as follows:

	2018		2017	
	Total	thereof Austria	Total	thereof Austria
Audit fees	592	248	370	223
Tax consulting fees	358	358	433	430
Other fees	23	23	6	6
Total auditor's fees	973	629	809	659

37. Investments

VAMED AG's investments are listed in the Annex to the notes.

38. Responsibility statement

To the best of our knowledge, and in accordance with applicable reporting principles, the consolidated financial statements of the VAMED group give a true and fair view of the assets, liabilities, financial position and profit or loss of the VAMED group. The Management Report includes a fair review of the development and performance of the business and the position of the VAMED group together with a description of the principal opportunities and risks associated with the expected development of the VAMED group.

Vienna, March 1, 2019

The Executive Board

Dr. Ernst Wastler
Chairman of the Executive Board

Mag. Gottfried Koos
Member of the Executive Board

MMag. Andrea Raffaseder
Member of the Executive Board

VAMED GROUP INVESTMENTS AS AT DECEMBER 31, 2018

(excluding indirect investments, investments of below 10% as well as non-operating firms)

Fully consolidated companies:

Abbreviation	Company, location	Capital interest %
VAG	VAMED Aktiengesellschaft, Vienna, Austria	
ALM	ALMEDA, a.s., Neratovice, Czech Republic	100.00
API	API Betriebs gemeinnützige GmbH, Vienna, Austria	60.00
AVN-GB	AVENSYS UK GROUP LIMITED, Kidderminster, Great Britain	100.00
AVN-TR	AVENSYS UK TRAINING LIMITED, Kidderminster, Great Britain	100.00
AVN-UK	AVENSYS UK LTD, Kidderminster, Great Britain	100.00
CLP	Centrum léčby pohybového aparátu, s.r.o., Prague, Czech Republic	100.00
D-ABB	HELIOS Klinik Bad Berleburg GmbH, Bad Berleburg, Germany	94.90
D-ADA	HELIOS Ostseeklinik Damp GmbH, Damp, Germany	100.00
D-BPH	Bach Pflege Holding GmbH, Damp, Germany	100.00
D-HCA	HELIOS Care GmbH, Berlin, Germany	100.00
D-HCM	Casemanagement Reha GmbH, Hamburg, Germany	77.00
D-IAM	Altmühltalklinik-Leasing-GmbH, Kipfenberg, Germany	94.90
D-IRE	HELIOS Real Estate GmbH, Berlin, Germany	100.00
D-IRG	HELIOS Real Estate Grundstücksverwaltung GmbH & Co. KG, Damp, Germany	94.90
D-IRK	HELIOS Rehakliniken Grundstücksverwaltung GmbH & Co. KG, Damp, Germany	94.90
D-ISG	HELIOS Klinik Schwedenstein Pulsnitz Grundstücksverwaltung GmbH & Co. KG, Damp, Germany	94.90
D-MBG	MVZ Medizinisches Versorgungszentrum in Bad Berleburg GbR, Bad Berleburg, Germany	100.00
D-MKA	MVZ Medizinisches Versorgungszentrum Kappeln GmbH, Kappeln, Germany	100.00
D-PDA	Internat für Körperbehinderte Damp GmbH, Damp, Germany	100.00
D-PER	Senioren- und Pflegeheim Erfurt GmbH, Erfurt, Germany	94.90
D-PFS	HELIOS Fachpflege Schleswig GmbH, Schleswig, Germany	94.90
D-PHT	Senioren- und Pflegeheim Hettstedt GmbH, Hettstedt, Germany	100.00
D-PKI	HELIOS Kids in Pflege GmbH, Geesthacht, Germany	100.00
D-PRO	Leben am Rosenberg GmbH, Kronach, Germany	100.00
D-RAH	HELIOS Rehaklinik Ahrenshoop GmbH, Ahrenshoop, Germany	100.00
D-RBB	HELIOS Rehakliniken Bad Berleburg GmbH, Bad Berleburg, Germany	94.90
D-RBC	HELIOS Klinik Berching GmbH, Berching, Germany	94.90
D-RBE	HELIOS Klinik Bad Ems GmbH, Bad Ems, Germany	94.90
D-RBG	HELIOS Kliniken Bad Grönenbach GmbH, Bad Grönenbach, Germany	94.90
D-RBL	HELIOS Klinik Bergisch-Land GmbH, Wuppertal, Germany	100.00
D-RBS	HELIOS Klinik Bad Salzdethfurth GmbH, Bad Salzdethfurth, Germany	94.90

Abbreviation	Company, location	Capital interest %
D-RDA	HELIOS Rehaklinik Damp GmbH, Damp, Germany	100.00
D-RGE	HELIOS Klinik Geesthacht GmbH, Geesthacht, Germany	94.90
D-RHA	HELIOS Klinik Hagen Ambrock GmbH, Hagen, Germany	100.00
D-RHO	HELIOS Rehakliniken GmbH, Damp, Germany	100.00
D-RHS	HELIOS Klinik Hohenstücken GmbH, Brandenburg an der Havel, Germany	100.00
D-RHT	HELIOS Klinik Hattingen GmbH, Hattingen, Germany	100.00
D-RKI	Klinik Kipfenberg GmbH Neurochirurgische und Neurologische Fachklinik, Kipfenberg, Germany	100.00
D-RLR	HELIOS Klinik Lehmrade GmbH, Damp, Germany	100.00
D-RPU	HELIOS Klinik Schloss Pulsnitz GmbH, Pulsnitz, Germany	94.90
D-RSH	Betriebsführungsgesellschaft Schloß Schönhagen GmbH, Schönhagen, Germany	99.40
D-RSS	HELIOS Klinik Schloss Schönhagen GmbH, Damp, Germany	100.00
D-RSW	HELIOS Klinik Schwedenstein Pulsnitz GmbH, Pulsnitz, Germany	100.00
D-RZH	Rehazentrum Harburg GmbH, Hamburg, Germany	100.00
D-RZL	Rehazentrum Lübeck GmbH, Lübeck, Germany	100.00
D-RZN	Rehazentrum Norderstedt GmbH, Norderstedt, Germany	100.00
D-SDI	HELIOS Digital GmbH, Berlin, Germany	100.00
D-SRN	HELIOS Reinigung Reha Nord Ost GmbH, Damp, Germany	100.00
D-STS	HELIOS Technik & Sterilgutversorgung Reha GmbH, Damp, Germany	100.00
D-TAG	allgäu resort GmbH, Bad Grönenbach, Germany	94.90
D-TDA	ostsee resort damp GmbH, Damp, Germany	100.00
GHG	Gmundnerberg Holding GmbH, Bad Sauerbrunn, Austria	100.00
HBK	HELIOS Bau und Krankenhaustechnik West GmbH, Krefeld, Germany	100.00
HCC	H.C. Hospital Consulting S.p.A., Bagno a Ripoli (Florence), Italy	100.00
HDG	HELIOS Dienste GmbH, Leipzig, Germany	100.00
HI	hospitalia international gmbh, Bad Homburg v.d.H., Germany	100.00
HSB	Heilbad Sauerbrunn Betriebsgesellschaft m.b.H., Bad Sauerbrunn, Austria	95.00
HSL	HELIOS Service Leezen GmbH, Leezen, Germany	100.00
HTB	HERMED Technische Beratungs GmbH, Kirchheimbolanden, Germany	100.00
HTB-BE	HERMED Medrott Medical BVBA, Antwerp, Belgium	100.00
HTB-CH	HERMED Medizintechnik Schweiz AG, Rapperswil-Jona, Switzerland	64.00
HTB-ES	HERMED INGENIERÍA CLÍNICA ESPAÑA, S.L., Madrid, Spain	100.00
HTB-GB	HERMED BIOMEDICAL ENGINEERING UK LIMITED, London, Great Britain	100.00

Fully consolidated companies:

Abbreviation	Company, location	Capital interest %
HTB-NL	HERMED Medrott Medical B.V., Oostvoorne, The Netherlands	100.00
ICL	Instruclean GmbH, Duisburg, Germany	94.90
ICL-AT	Instruclean Austria GmbH, Vienna, Austria	100.00
KEB	Klinikum Erfurt Bewachungs GmbH, Erfurt, Germany	100.00
KLB	Krankenhaus-Logistik Berlin-Brandenburg-Niedersachsen GmbH, Bad Saarow, Germany	100.00
KLT	Krankenhaus-Logistik Thüringen GmbH, Erfurt, Germany	100.00
KSB	Krankenhaus-Sterilisation Berlin GmbH, Bad Saarow, Germany	100.00
KSM	Krankenhaus-Service Mecklenburg-Vorpommern GmbH, Stralsund, Germany	100.00
KTB	Krankenhaus-Technik Berlin-Brandenburg-Niedersachsen GmbH, Bad Saarow, Germany	100.00
KTL	Krankenhaus-Technik-Logistik Mecklenburg-Vorpommern GmbH, Schwerin, Germany	100.00
KTG	KTG Krankenhaus-Technik Thüringen GmbH, Erfurt, Germany	100.00
MED	MEDITERRA s.r.o., Prague, Czech Republic	100.00
MED-H	VAMED MEDITERRA a.s., Prague, Czech Republic	100.00
MEL	Mělnická zdravotní, a.s., Mělník, Czech Republic	100.00
MTN	VSB Medizintechnik NRW GmbH, Berlin, Germany	100.00
NET	MEDNET s.r.o., Prague, Czech Republic	100.00
NFM	Niederösterreichische Facility Management GmbH, Wiener Neustadt, Austria	60.00
NSZ	Nemocnice sv. Zdislavy, a.s., Velké Meziříčí, Czech Republic	100.00
NTG	Neurologisches Therapiezentrum Gmundnerberg GmbH, Altmünster, Austria	60.00
NTK	Neurologisches Therapiezentrum Kapfenberg GmbH, Kapfenberg, Austria	90.00
NTV	Nemocnice Tanvald, s.r.o., Tanvald, Czech Republic	0.30
PKS GmbH	PKS Privatklinik Salzburg GmbH, Salzburg, Austria	100.00
PKS KG	PKS Privatklinik Salzburg GmbH & Co KG, Salzburg, Austria	100.00
RBB GmbH	Rehaklinik Wien Baumgarten Betriebs-GmbH, Wien, Austria	100.00
RDU	Rehaklinik Dussnang AG, Fischingen, Switzerland	100.00
RKB GmbH	Rehabilitationszentrum Kitzbühel Betriebs-GmbH, Kitzbühel, Austria	100.00
RMB	Rehabilitationsklinik im Montafon Betriebs-GmbH, Schruns, Austria	100.00
ROB GmbH	Rehabilitationszentrum Oberndorf Betriebs-GmbH, Oberndorf bei Salzburg, Austria	100.00
ROB KG	Rehabilitationszentrum Oberndorf Betriebs-GmbH & Co KG, Oberndorf bei Salzburg, Austria	100.00
RSE	Reha Seewis AG, Seewis im Prättigau, Switzerland	100.00
RZS	Rehaklinik Zihlschlacht AG, Zihlschlacht-Sitterdorf, Switzerland	100.00
SED	MEDITERRA - Sedlčany, s.r.o., Sedlčany, Czech Republic	100.00

Abbreviation	Company, location	Capital interest %
STC	Seniorenzentrum St. Corona am Schöpfl Betriebsgesellschaft m.b.H., Vienna, Austria	100.00
TAU	TAU Management und Betriebsführung GmbH, Vöcklabruck, Austria	60.00
TBS	Therme Seewinkel Betriebsgesellschaft m.b.H., Frauenkirchen, Austria	100.00
TIP	TIPP Sterilisationsdienste West GmbH, Wuppertal, Germany	100.00
TMD	TEMAMED Medizintechnische Dienstleistungs GmbH, Kirchheimbolanden, Germany	100.00
UKK	VAMED UKK Projektgesellschaft m.b.H., Berlin, Germany	100.00
UKP	ARGE UK St. Pölten, Vienna, Austria	60.00
VE GMBH	VAMED ENGINEERING GmbH, Vienna, Austria	100.00
VE-D	VAMED Engineering Deutschland GmbH, Bad Homburg v.d. Höhe, Germany	100.00
VGH-D	VAMED Gesundheit Holding Deutschland GmbH, Damp, Germany	99.90
VHP	VAMED Health Project GmbH, Berlin, Germany	100.00
VHP-CH	VAMED Health Project Schweiz AG, Zihlschlacht-Sitterdorf, Switzerland	100.00
VHP-CZ	VAMED Health Projects CZ s.r.o., Prague, Czech Republic	100.00
VHP-UK	VAMED HEALTH PROJECTS UK LIMITED, London, Great Britain	100.00
VIDL-D	VAMED Gesundheit IDL Deutschland GmbH, Damp, Germany	100.00
VKMB	VAMED-KMB Krankenhausmanagement und Betriebsführungsges.m.b.H., Vienna, Austria	100.00
VKP	VAMED-Krankenhausmanagement und Projekt GmbH, Vienna, Austria	100.00
VLO-D	VAMED Logistik Deutschland GmbH, Damp, Germany	100.00
VMS GMBH	VAMED Management und Service GmbH, Vienna, Austria	100.00
VMS-CH	VAMED Management und Service Schweiz AG, Zihlschlacht-Sitterdorf, Switzerland	100.00
VMS-D	VAMED Management und Service GmbH Deutschland, Berlin, Germany	100.00
V-NL	VAMED Nederland B.V., Arnheim, The Netherlands	100.00
VPH-F	VAMED Projets Hospitaliers Internationaux France S.A.S, Neuilly-sur-Seine, France	100.00
VRE-SW	VAMED Reinigung Süd West GmbH, Damp, Germany	100.00
VSF	VAMED Service- und Beteiligungsges. m.b.H., Berlin, Germany	95.00
VSF-BPS	VSF-BPS GmbH, Berlin, Germany	100.00
VSC-NO	VAMED Service & Catering Nord Ost GmbH, Damp, Germany	100.00
VSC-SW	VAMED Service & Catering Süd West GmbH, Damp, Germany	100.00
VSG GMBH	VAMED Standortentwicklung und Engineering GmbH, Vienna, Austria	100.00
XAG	Xard AG, Seewis im Prättigau, Switzerland	100.00

All company names are shown as locally registered. The names of countries are shown pursuant to ISO 3166.

VAMED GROUP INVESTMENTS AS AT DECEMBER 31, 2018

(excluding indirect investments, investments of below 10% as well as non-operating firms)

Non-consolidated companies:

Abbreviation	Company, location	Capital interest %
ACL	Alice-Instruclean GmbH, Darmstadt, Germany	28.10
BAP	BAP VAMED JV SPC (DIFC) LTD., Dubai, United Arab Emirates	51.00
BBH	Blumauerplatz Beteiligungs-Holding GmbH, Linz, Austria	100.00
BPB	Burgenländische Pflegeheim Betriebs-GmbH, Neudörfel, Austria	49.00
CFM	Charité CFM Facility Management GmbH, Berlin, Germany	16.33
CFS	Casalis Facility Services GmbH, Kassel, Germany	49.00
CRS	CIRCLE REHABILITATION SERVICES LIMITED, London, Great Britain	19.90
CWS	CW Krankenhaus-Service GmbH, Düsseldorf, Germany	25.00
D-RKL	Tagesklinik am Kurpark Lüneburg GmbH, Lüneburg, Germany	37.00
D-RSK	Sport-REHA-Kiel GmbH, Kiel, Germany	36.00
ELB	ELBLAND Sterilgutgesellschaft mbH, Meißen, Germany	49.00
FMS	Facility Management Schleswig-Holstein GmbH, Kiel, Germany	50.00
GOK	Gemeinnützige Oberndorfer Krankenhausbetriebsgesellschaft m.b.H., Oberndorf bei Salzburg, Austria	49.00
GRB	Gesundheitsresort Gars Betriebs GmbH, Gars am Kamp, Austria	19.14
GRG	Gesundheitsresort Gars GmbH, Gars am Kamp, Austria	17.00
HUH	Hainan Unicare Hospital Co., Ltd., Haikou, China	30.00
ITS	UKSH Gesellschaft für IT Services mbH ("ITSG"), Lübeck, Germany	49.00
ITT	UKSH Gesellschaft für Informationstechnologie mbH ("GfIT"), Lübeck, Germany	49.00
KHR GmbH	PPP - Radioonkologie KHR SZO GmbH, Vienna, Austria	19.00
KHR KG	PPP - Radioonkologie KHR SZO GmbH & Co KG, Vienna, Austria	19.00
LKV	LKV Krankenhaus Errichtungs- und Vermietungs-GmbH, Linz, Austria	49.00
NRZ	Neurologisches Rehabilitationszentrum "Rosenhügel" Errichtungs- und Betriebs-GmbH, Vienna, Austria	49.00
OCB	Oberndorfer Catering Betriebs-GmbH, Oberndorf bei Salzburg, Austria	49.00
PSZ	Psychosomatisches Zentrum Eggenburg GmbH, Eggenburg, Austria	29.00
RBW	Rehabilitationsklinik im Bregenzer Wald Betriebs-GmbH, Lingenau, Austria	100.00
RIH	RIHH OpCo Holdings (DIFC) Ltd, Dubai, United Arab Emirates	12.00
RVB	Rehabilitationszentrum St. Veit im Pongau Betriebs-GmbH, St. Veit im Pongau, Austria	76.00
RZO	Rheuma-Zentrum Vienna-Oberlaa GmbH, Vienna, Austria	49.00
SEN	S.EN.AL.PA. S.P.A., Venice, Italy	21.40
TBG	'TBG' Thermenzentrum Geinberg Betriebsgesellschaft m.b.H., Geinberg, Austria	18.00
TEH	Therapiezentrum Enns Holding GmbH, Linz, Austria	29.70
THG	"THG" Thermenzentrum Geinberg Errichtungs-GmbH, Linz, Austria	27.34
THL	THL Therme Laa a.d. Thaya - Projektentwicklungs- und Errichtungsgesellschaft m.b.H., Laa a.d. Thaya, Austria	19.96
TLG	Aqua Dome Tirol Therme Längenfeld GMBH & CO KG, Längenfeld, Austria	12.31
TLGGMBH	Aqua Dome Tirol Therme Längenfeld GMBH, Längenfeld, Austria	12.31

Abbreviation	Company, location	Capital interest %
TWB GMBH	Tauern SPA World Betriebs-GmbH, Kaprun, Austria	20.99
TWB KG	Tauern SPA World Betriebs-GmbH & Co KG, Kaprun, Austria	19.07
TWE GMBH	Tauern SPA World Errichtungs-GmbH, Kaprun, Austria	20.99
TWE KG	Tauern SPA World Errichtungs-GmbH & Co KG, Kaprun, Austria	19.07
TWO GmbH	Therme Vienna Ges.m.b.H., Vienna, Austria	19.99
TWO KG	Therme Vienna GmbH & Co KG, Vienna, Austria	19.99
UKS	VAMED / DIF UKSH PPP GmbH, Frankfurt am Main, Germany	10.00
VAROM	VAMED ROMANIA S.R.L., Bucharest, Romania	100.00
VBH	"VAMED B&H" d.o.o. Banja Luka, Banja Luka, Bosnia and Herzegovina	100.00
VE (M)	VAMED ENGINEERING (M) SDN. BHD., Kuala Lumpur, Malaysia	16.00
VE (P)	PRINSAMED - PROJECTOS INTERNACIONAIS DE SAÚDE UNIPESSOAL LDA, Lisbon, Portugal	100.00
VE (T)	VAMED (Thailand) Co., Ltd., Bangkok, Thailand	15.00
VE (U)	TOV "VAMED UKRAINE", Kiev, Ukraine	100.00
VEE	VAMED EMIRATES LLC, Abu Dhabi, United Arab Emirates	20.00
VE-GAB	VAMED GABON SAS, Libreville, Gabon	100.00
VE-NI	VAMED ENGINEERING NICARAGUA, SOCIEDAD ANONIMA, Managua, Nicaragua	99.00
VE-NIG	VAMED ENGINEERING NIGERIA LIMITED, Abuja, Nigeria	15.00
VE-PHD	Philippine Hospital Project Development Corporation, Manila Makati City, Philippines	40.00
VHC	VAMED Healthcare Co. Ltd., Peking, China	100.00
VHH	VAMED-Hungaria Health Care Ltd., Budapest, Hungary	100.00
VHP-CA	VAMED HEALTH PROJECTS CANADA LIMITED, Vancouver, Canada	100.00
VHP-MY	VAMED HEALTH PROJECTS MALAYSIA SDN. BHD., Selangor, Malaysia	100.00
VHS-ZA	VAMED HEALTHCARE SERVICES SA (PTY) LTD, Johannesburg, South Africa	85.00
VHT	VAMED Healthcare Services (Thailand) Ltd., Bangkok, Thailand	49.00
VIH	VAMED International Hospital Management and Consulting (Beijing) Co., Ltd., Peking, China	100.00
VME	VAMED Middle East Healthcare Management and Consultancy Services LLC, Abu Dhabi, United Arab Emirates	49.00
VMR	Health Institution - Institute for diagnostics "VAMED" Novi Sad, Novi Sad, Serbia	75.00
VMS-CZ	VAMED CZ s.r.o., Prague, Czech Republic	100.00
VMS-SA	VAMED KSA Management and Service LLC, Riyadh, Saudi Arabia	75.00
VMT	VAMED Medizintechnik GmbH, Vienna, Austria	100.00
VPC	VAMED Project CR d.o.o., Rijeka, Croatia	100.00
VPL	VAMED Polska Sp. z o.o., Warsaw, Poland	100.00
V-RU	OOO VAMED, Moscow, Russian Federation	100.00
VSK	"VAMED Services Kosovo" L.L.C., Pristina, Kosovo	100.00
V-TR	VAMED TURKEY MÜHENDİSLİK İNŞAAT TAAHHÜT MEDİKAL SAĞLIK HİZMETLERİ LİMİTED ŞİRKETİ, Ankara, Turkey	100.00

All company names are shown as locally registered. The names of countries are shown pursuant to ISO 3166.

AUDITOR'S REPORT

Audit opinion

We have audited the condensed consolidated subgroup financial statements of VAMED AG, Vienna, comprising the balance sheet as at December 31, 2018, the income statement, statement of changes in equity, and cash flow statement for the fiscal year ending on this reporting date, as well as the accounting guidelines described in the notes to the financial statements.

In our opinion, the attached financial statements of the VAMED AG consolidated subgroup is consistent in all material respects with the Group Reporting Package as incorporated as a segment in the consolidated financial statements for 2018 of Fresenius SE & Co. KGaA.

Basis of our opinion

We conducted our audit in accordance with the Generally Accepted Accounting Principles in Austria. These principles require the application of the International Standards on Auditing (ISA). Our responsibilities under these rules and standards are described in the section "Responsibilities of the auditor for the audit of the condensed financial statements of the subgroup" of our opinion in more detail. We are independent from the subgroup in accordance with the Austrian corporate and professional rules and regulations and in compliance with our other professional obligations under these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

On signing the audit contract, our mandate and our responsibility, also with regard to third parties, are subject to the General Conditions of Contract for the Public Accounting Professions (AAB 2018) as published by the Chamber of Public Accountants and attached to the audit report. Therefore, our liability is excluded for cases of slight negligence. For gross negligence, a maximum liability limit of €2 million, applicable vis-a-vis the company and third parties, was agreed upon in accordance with Section 275 Para 2 Austrian Business Code.

Highlighting a specific issue - accounting principles

We refer to the disclosures in the Section "General notes on the financial statements of the VAMED group" contained in the notes to the consolidated financial statements. There it is pointed out that the condensed consolidated subgroup financial statements are consistent in all material respects with the Group Reporting Package as incorporated in the segment reporting of the consolidated financial statements for 2018 of Fresenius SE & Co. KGaA. The accounting principles applied for the purpose of incorporation in the consolidated financial statements of the parent company are based on the International Financial Reporting Standards (IFRS) as applied in the EU, but do not fully correspond to them. The main deviations from IFRS are described in the section "General notes on the financial statements of the VAMED group". Accordingly, the condensed subgroup financial statements are possibly not suitable for another purpose. Our audit opinion was not modified in this respect.

Management Board and Supervisory Board responsibilities for the condensed subgroup financial statements

The management is responsible for the preparation of the condensed consolidated subgroup financial statements and for the fact that these financial statements have been prepared in accordance with the accounting principles for the Group Reporting Package included in segment reporting in the consolidated financial statements for 2018 of Fresenius SE & Co. KGaA and present a true and fair view of the assets, financial position, and financial performance of the consolidated subgroup.

Management is also responsible for internal controls which the Management considers necessary to enable the preparation of the consolidated financial statements for the subgroup free of material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements for the subgroup, management is responsible for assessing the subgroup's ability to continue as going concern, disclosing, as applicable, matters related to going concern, and using the going-concern basis of accounting unless the management either intends to liquidate the subgroup or to cease operations or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the subgroup's financial reporting process.

Auditor's responsibilities for the audit of the condensed financial statements of the subgroup

Our objectives are to obtain reasonable assurance about whether the condensed financial statements of the subgroup as a whole are free of material misstatements – whether due to fraud or error – and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, yet not a guarantee, that an audit conducted in accordance with Generally Accepted Accounting Principles in Austria, which require the application of ISA, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of the condensed financial statements of the subgroup.

As part of an audit in accordance with Generally Accepted Accounting Principles in Austria, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatements of the financial statements whether due to fraud and error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding of internal controls.
- obtain an understanding of the internal control system, relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the subgroup's internal control system.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the subgroup's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed financial statements of the subgroup or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the subgroup to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the condensed financial statements of the subgroup, including the disclosures, and whether the condensed financial statements of the subgroup represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the subgroup to express an opinion on the financial statements of the subgroup. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

Vienna, March 1, 2019

Deloitte Audit Wirtschaftsprüfungs GmbH

Dr. Christoph Waldeck m.p.
Certified Public Accountant

ppa. Dr. Claudia Brunnhuber m.p.
Certified Public Accountant

The condensed consolidated financial statements with our auditor's report may only be disclosed in the version as audited by us. This auditor's report exclusively refers to pages 45 to 87 of the condensed consolidated financial statements in German. This English translation is provided for convenience only. The German original is solely valid.



VAMED Aktiengesellschaft

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