

Press Release

GZO AG: Creditors request bondholder meeting to rescue Wetzikon Hospital

Wetzikon, 18 July 2024 – The GZO Creditor Group, a group of creditors of the outstanding bond of Wetzikon Hospital with a nominal value of CHF 170 million (1.875% bond of GZO AG, CH0240109618, original maturity 12 June 2024), has requested that GZO AG convene a bondholders' meeting pursuant to Art. 1165 et seqq. of the Swiss Code of Obligation.

The Company entered into provisional composition moratorium on 30 April 2024 due to its inability to refinance the Bond, which defaulted in June 2024. It is the view of the GZO creditor group that the Company's current financial distress was triggered by its inability to refinance rather than operational distress as the hospital's operations continue to generate positive financial results. Accordingly, the GZO Creditor Group believes that by allowing the Company additional time to find a permanent refinancing solution, the Company can avoid bankruptcy.

The GZO creditor group is proposing to vote on an extension of the bond until 14 June 2027 and a gradual increase in the coupon from the current 1.875% to 4.875% in 2027, in line with the risk profile. If accepted by the bondholder's meeting, this proposal would enable the Board of Directors and the Executive Board of GZO AG to independently develop and implement effective restructuring measures and to ensure the continued existence of Wetzikon Hospital. The half-yearly adjustment of the interest rate should be an incentive for GZO AG to swiftly draw up and implement a restructuring program, without being exposed to the current negativity caused by the provisional composition moratorium, liquidation or bankruptcy.

The GZO Creditor Group has presented these proposals to the Chairman of the Board of Directors of GZO AG as part of a constructive dialogue. At the same time, it expects the hospital to present concrete restructuring proposals which should include measures to strengthen the balance sheet and cash flows, as well as a long-term financing strategy. Possible solutions include seeking new sources of equity and capital, a re-sizing of the expansion project and the evaluation of M&A opportunities. It is encouraging that GZO AG's municipal shareholders have signaled their willingness to inject further capital and that dialogue with the cantonal health department has resumed.

It is in the interest of all stakeholders to avoid the bankruptcy of GZO AG. This is the only way to find the best possible solution for the hospital, the employees, the patients, the region and also for the owner communities and all creditors of GZO AG (including the promissory note holders). We have specifically included in our proposals the possibility for other creditors to receive the same terms as those we are proposing for the bondholders.

By accepting the proposals of the GZO Creditor Group, GZO can be released from the provisional composition moratorium, the company can return to normal course of business and the Wetzikon Hospital can be saved. The hospital staff, the doctors and the Zurich Oberland region deserve this.

Holders of GZO bonds or promissory notes can find out more about the GZO Creditor Group and join the Group via the following link: www.gzo-bondholder.ch.

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