

# **A valuation of GZO AG's Assets**

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August 2024

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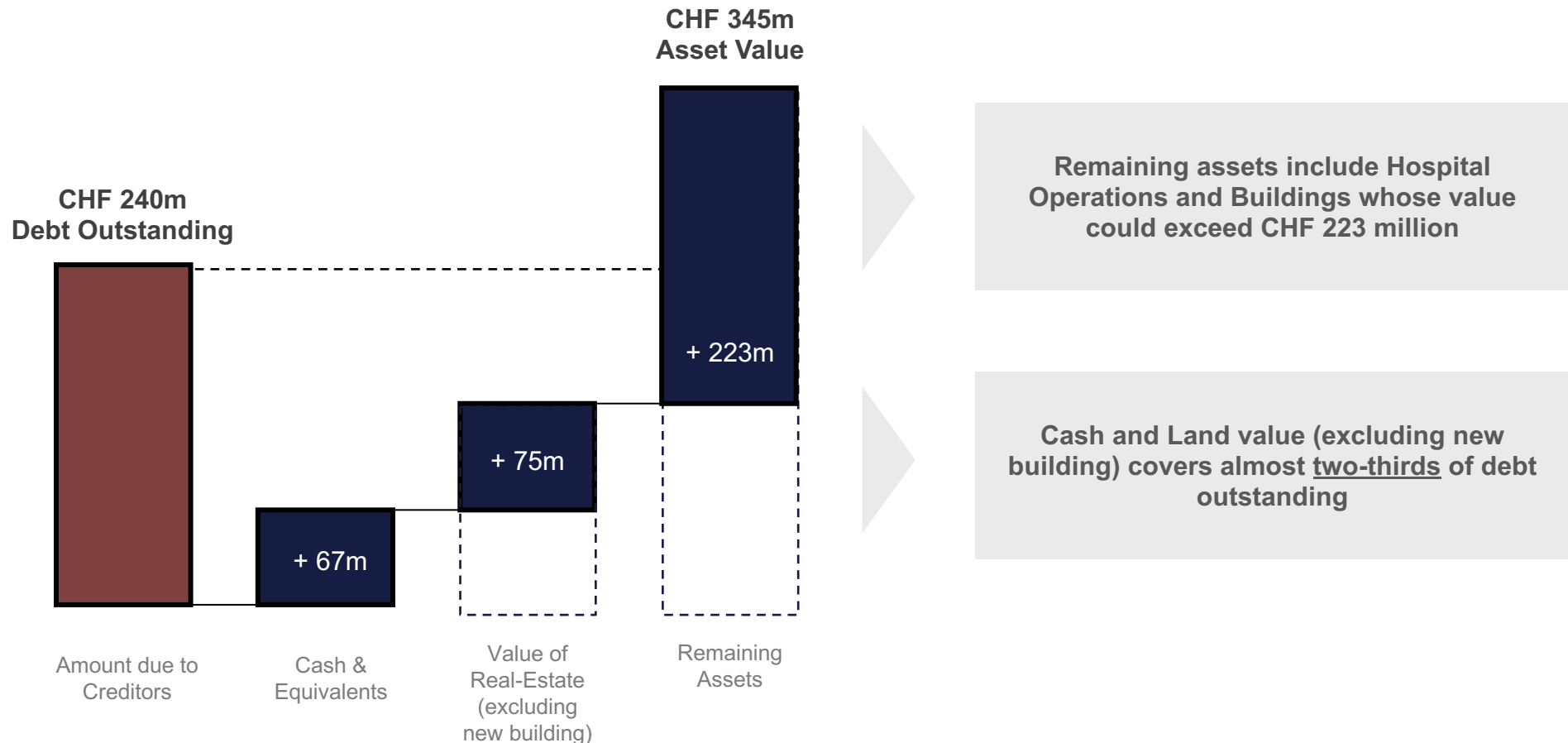
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# GZO HAS SUFFICIENT ASSETS TO REPAY CREDITORS



The market value of GZO AG's assets exceeds the amount due to creditors by a wide margin

# THE COMPANY HAS CHF 67 MILLION OF LIQUIDITY

- GZO's current liquidity, of ~CHF 67 million represents 28% of the total amount due to creditors
- Initially held on the balance sheet to fund the construction of the new-building, the funds can be used to repay creditors or buy-back bonds at a discount to nominal value
- **The cash on hand also serves as a buffer for any interest due on the bonds that is not covered by cash flows from operations**

	31.12.2023 TCHF	31.12.2022 TCHF
Flüssige Mittel	49 337	37 500
Wertschriften	17 599	44 849
Kurzfristige Geldanlagen	0	17 000
Forderungen aus Lieferungen und Leistungen	23 123	22 275
Sonstige kurzfristige Forderungen	334	1 146
Vorräte	3 284	3 044
Aktive Rechnungsabgrenzungen	11 437	10 473
<b>Total Umlaufvermögen</b>	<b>105 114</b>	<b>136 287</b>

GZO currently has CHF 66.9 million in cash on its balance sheet that it does not need for day to day operations

# THERE IS SUBSTANTIAL VALUE IN THE COMPANY'S REAL ESTATE

GZO's owns real estate assets that include over 58 thousand sqm of land and multiple buildings

- We have commissioned an independent valuation of GZO's real estate which conservatively indicates a value of *at least CHF 75 million* excluding the new development representing

## Current Value of Real Estate

According to the expert's valuation, GZO's real estate is worth at least CHF 110 million, which we discount to reflect the age of the buildings resulting in **CHF75 million in current market value**, or 31% of the amount due to creditors

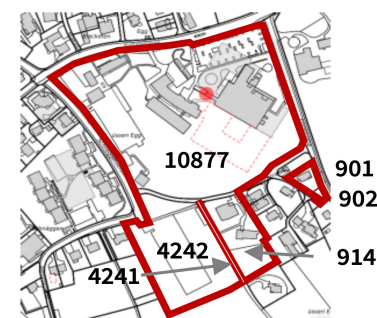
- No value** is ascribed to the new development which has a carrying value of **CHF 95 million**
- Should the hospital cease to operate, we estimate that GZO's land alone, upon conversion to residential use, is worth at least CHF 1500/sqm implying a value of **CHF 87 million** with no value given to the buildings

The considerable asset value provides the company with numerous options to raise cash to repay creditors, including but not limited to partial asset sales, sale-leaseback solutions, secured refinancing options, etc.

<u>Building</u>	<u>Value</u>
A. Existing Hospital	93 Million CHF
B. New Development	Not included in valuation
C. Personnel houses	10.6 Million CHF
D. Other	3.6 Million CHF
E. Provisional Bldgs.	No value
F. Parking	2.4 Million CHF
<b>Total</b>	<b>110 Million CHF</b>



<u>Plot</u>	<u>Size</u>
Kat. Nr. 10877	40,751 sqm
Kat. Nr. 4242	11,518 sqm
Kat. Nr. 4241	509 sqm
Kat. Nr. 914	4,592 sqm
Kat. Nr. 901	799 sqm
Kat. Nr. 902	235 sqm
<b>Total</b>	<b>58,404 sqm</b>



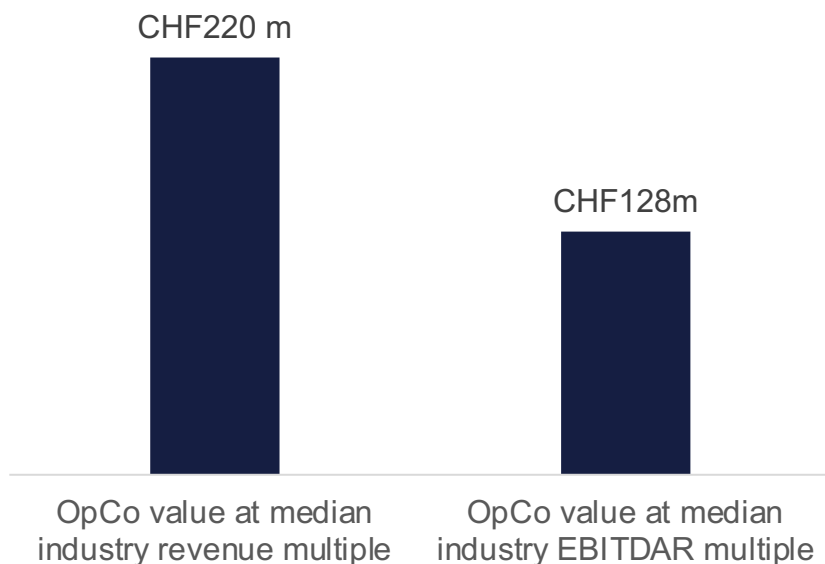
**GZO's land is worth more than 31% of the amount due to creditors and various monetization options exist to allow the company to repay creditors**

# HOSPITAL OPERATIONS

Despite the significant indebtedness, the hospital's operations ("OpCo") are healthy and cash generative, producing CHF 155 million in revenue with a stated EBITDA target of 10-12%.

- **The operations alone, if valued in line with the sector, are worth up to CHF 128 million**
- As stated by the Company, as recently as December 2023, the Hospital was in talks with a strategic investor who had valued GZO AG's equity at CHF 120 million, implying an Enterprise Value of **CHF 380 million**

In CHF million	2017	2018	2019	2020	2021	2022	2023
Revenue	145.4	143.8	149.0	148.5	153.8	156.7	154.9
Annual Growth		-1.1%	3.6%	-0.4%	3.6%	1.9%	-1.1%
EBITDA	13.2	12.3	16.6	12.3	15.5	14.8	2.2
As % of revenue	9.1%	8.5%	11.1%	8.3%	10.1%	9.4%	1.4%
EBIT	6.2	-1.7	5.3	0.1	6.5	5.5	-7.6
As % of revenue	4.2%	-1.2%	3.6%	0.1%	4.3%	3.5%	-4.9%
Net Income	2.3	-9.3	2.7	-4.4	3.5	-2.5	-11.6
As % of revenue	1.6%	-6.4%	1.8%	-2.9%	2.3%	-1.6%	-7.5%

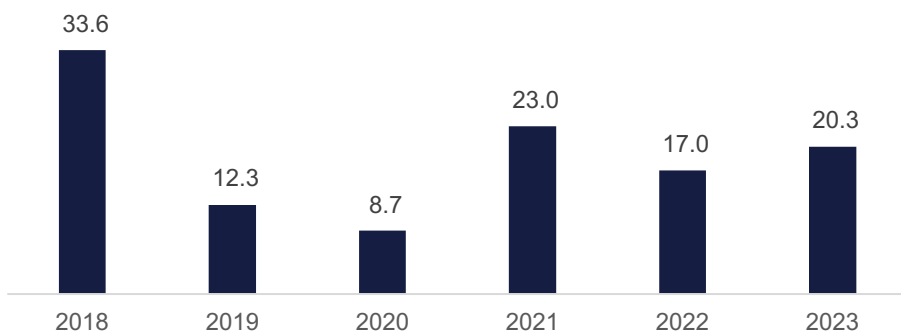


«Wir agieren und haben einen realistischen Plan, um dieses Jahr eine stabile finanzielle Situation zu erreichen», erklärt Matthias P. Spielmann, der CEO des GZO Spital Wetzikon. Als Ziel hat sich das Management die – allgemein bekannte – Ebitda-Marge von 10 bis 12 Prozent gesetzt. Diese gilt als «Benchmark», welche ein wirtschaftlich gesundes Spital erwirtschaften sollte.

# NEW DEVELOPMENT

GZO has spent CHF 115 million on the new building which is claimed to be 70% complete.

Amount spent on construction project by year  
(million CHF)



The building is currently held on the books at a **carrying value of CHF95 million**:

- The value of CHF 95 million was approved by the Board of Directors on April 19, 2024
- The accounts were audited and signed off on by KPMG
- The accounts were subsequently approved by shareholders at the annual shareholder meeting held on June 21, 2024

	Unbebaute Grundstücke	Grundstücke und Bauten	Installationen	Sachanlagen in Bau	Ubrige Sachanlagen	Total
<b>Anschaffungskosten</b>						
Stand per 01.01.2023 TCHF	2 880	175 621	18 214	84 186	40 607	321 508
Zugänge	0	0	0	25 896	1 114	27 010
Veränderung Konsolidierungskreis	0	0	0	0	0	0
Umgliederungen	0	0	0	-2 994	1 760	-1 234
Abgänge	0	-27	0	0	-1 600	-1 627
Stand per 31.12.2023 TCHF	2 880	175 594	18 214	107 088	41 881	345 657
<b>Kumulierte Wertberichtigungen</b>						
Stand per 01.01.2023 TCHF	0	136 118	11 556	0	30 787	178 461
Abschreibungen	0	1 084	795	0	3 076	4 955
Veränderung Konsolidierungskreis	0	0	0	0	0	0
Wertbeeinträchtigungen	0	3 484	402	0	0	3 885
Umgliederungen	0	0	0	0	0	0
Abgänge	0	0	0	0	-1 546	-1 546
Stand per 31.12.2023 TCHF		140 686	12 753	0	32 317	185 755

GZO AG Jahresrechnung 2023

Folgende Zahlungen wurden kumulativ für das Bauprojekt «Gesamterweiterung» bereits getätigt:	2023 TCHF
Vorprojekt (Sachanlagen in Bau)	11 242
Akonto-Zahlungen nach Baufortschritt Totalunternehmer (Sachanlagen in Bau)	83 957
<b>Zwischentotal</b>	<b>95 199</b>
Bauprovisorien (in Betrieb)	13 010
Haus G (in Betrieb)	6 664
<b>Total Zahlungen Bauprojekt</b>	<b>114 873</b>

GZO AG Jahresrechnung 2023

**There are multiple alternative use cases for the new building. Even at a discount to carrying value there is substantial value in the building.**

# CONCLUSIONS

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- GZO owns a collection of highly valuable assets including a profitable hospital, land, buildings and it has substantial liquidity on its balance sheet exceeding what it needs for day-to-day operations
- The value of the assets is **significantly higher** than the outstanding amounts due to creditors. Accordingly, creditors are unlikely to agree to any proposals that do not involve full payment of principal, particularly since more than two-thirds of creditors must agree.
- Consequently, **the likely outcome of the moratorium will be a liquidation** which is not in the best interest of shareholders, of the hospital, its employees, its patients or the local communities.

**For this reason, an extension of the bonds is the only solution to ensure the continuity of the hospital**

**Get in touch with us: [www.gzo-bondholder.ch](http://www.gzo-bondholder.ch)**



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**For further information please contact [contact@gzo-bondholder.ch](mailto:contact@gzo-bondholder.ch)**