



Paris, 27 February 2020

2019 annual results : Korian benefits from the success of its diversified and local growth model¹

- **Strong growth momentum: 8.3% revenue growth of which 3.8% organic**
 - Acceleration of the diversification in medical and home care: serving 470,000 clients in 2019, x2 since 2016,
 - Expansion of the portfolio by 4,528 beds over the period, totalling 82,675 beds end 2019
- **Operating margin (EBITDA) improved by +50 bps to 14.8%**
 - Increased staff intensity compensated by efficient cost structure
 - Positive impact from the diversification of activities and Asset Smart strategy: Real estate ownership reaching 22%
- **Strong cash generation of €231m**
- **€353m of targeted investments to support the Group's buy and build strategy**
 - Targeted expansion of geographical footprint with entry into 2 new countries:
 - ✓ Spain 2,000 beds in 2019
 - ✓ Netherlands with a pipeline of 1,300 beds by 2021
 - Investment in increased medical reach, development in home care and innovative digital solutions
- **Value of real estate portfolio reaching over €2bn (x2 since 2016)**
- **Solid financial structure in a context of acceleration of the Group's development: Stable Adjusted EBITDA /debt ratio x3.1 and Loan-to-value 52%**
- ***In caring hands* corporate project: Korian pioneers 15 specific ESG commitments to create a positive impact for clients, staff and stakeholders**
- **Acceleration in 2020 and strong confidence in 2021 guidance**
 - 2020: c. 9% of growth in revenue and an EBITDA margin at least 15%
 - 2021 : above €4.2bn revenue and 15.5% EBITDA margin, c. €300m operating FCF
- **Proposed dividend up by 10% to €0.66, with an option for payment in new shares**

¹ The figures in this press release are presented excluding IFR16. The financial statements for FY 2019, which are published in accordance with IFRS 16, are included in the full-year financial report available on the Company's website, in the Finance section from 28 February 2020. The income statement, balance sheet and statement of cash flows appended to this press release include the impacts of IFRS 16.



"The excellent results of the Group in 2019 demonstrate the success of the accelerated transformation of the company: thanks to our 'Buy and build' strategy, we have been able to diversify our offering in order to provide personalized care for a growing number of fragile and elderly people and their families and to enlarge our European footprint through our entry into Spain and the Netherlands." stated Sophie Boissard. "The launch of our new corporate project 'In Caring Hands' in 2019 aims to consolidate our commitment to our clients, their families and to our employees and to society. We are happy to be the first care company to materialise this commitment with 15 comprehensive ESG targets."

The consolidated audited financial statements for 2019 were approved by the Board of Directors at its meeting of 27th February 2020. The Statutory Auditors are in the process of issuing a report with an unqualified opinion.

The consolidated financial statements were prepared in accordance with the new IFRS 16 standard. For purposes of comparability, the financial information below is presented excluding the application of IFRS 16.

Q4 revenue and full year revenue and results

Strong growth momentum fuelled by accelerating organic growth, enabling dynamic transformation of the Group

Revenue in Q4 2019 increased 8.3% to €934.9 million. This reflects the Group's strong development momentum, both through organic growth, at 3.8% and bolt on acquisitions.

In 2019, **revenue** totalled €3,612 million, up 8.3%. Organic growth, which was up +3.8% compared to +3% a year earlier, reflected the solid contribution of the historic activities of the Group and the success of the transformation to being a complete service provider offering a range of services and care solutions for the fragile and elderly.

All geographies of the Group showed significant growth and the medical segment in particular has shown significant growth in 2019, around 10% across the Group, capitalising on the transformation of the network in France and an active bolt on strategy, notably in Italy.

The acceleration of the medical activities, supporting the diversification of services to provide more outpatient and ambulatory care, is, together with the dynamic ramp up of the home care activities, behind the Group's capacity to provide services to around 470,000 clients in 2019, twice as many as 3 years ago.

The Group has added 4,528 beds to its portfolio in 2019 and 90 new facilities, reaching nearly 83,000 beds and 900 facilities at the end of the year. Korian's multi-local and strategy aims to be able to provide a diversified care pathway, at a local level in the 600 living areas where the Group is implanted.

In 2019 the Group entered 2 new geographies with the aim to build the same level of density and diversified care as is being built in its existing countries. The Group has now over 15 facilities (with nursing homes and clinics) 2,000 beds in Spain and is building a diversified platform in the Netherlands with 4



lines of service: specialised Alzheimer care, palliative care, assisted living apartments and geriatric rehabilitation centres. By 2021 these will represent 1,300 beds and 22 facilities.

In total the Group has completed 20 acquisitions in 2019, representing €353m of investment. The acquisitions have been focused on diversifying the offering, solidifying our local presence and innovative, digital solutions for our clients.

The build part of our strategy has been particularly active in 2019, with 28 greenfield or transformation projects delivered in all of the Group's geographies and a pipeline of over 142 projects:

- 'New Korian House' projects for care platforms with nursing home care, day care and assisted living: 45 projects
- Clinics and medical platforms: 22 projects
- Co-living and small sized care communities: 200 projects of which 30 Ages & Vie projects to be opened in 2021
- Service residences : more than 20 projects

The Group's **EBITDAR** in 2019 is €948m and the EBITDAR margin is stable at 26.2%. In order to ensure long term continued growth Korian has been investing in its teams, to support the quality at work of its employees. Therefore staff costs have risen faster than revenue, compensated by the efficient management of operating expenses, particularly in France and Germany.

By country:

- In **France**², strong revenue growth of +7.1% (versus +3.9% in 2018) including Spain, was fuelled by increased organic growth of 3.2% up +50 basis points against 2018. The acceleration of the revenue growth is the result of the dynamic activity of the Healthcare division in France; the contribution of new activities (such as home care and co-living) and upgrade of the existing facilities, notably through the Boost renovation programme of over 2,000 rooms by the end of 2019 and the ramping up of the newly acquired portfolio in Spain. The EBITDAR margin remained stable at 27.1%.
- In **Germany**, revenue also increased significantly by +5.3% versus 3.5% in 2018. This solid growth was driven essentially by the acceleration in organic growth to +4.5% (versus +3.7% in 2018), following a focus on revenue management and an increased care mix. Investment in staff continues to be a priority in Germany, more than offset by efficient management of other costs and resulting in an increased EBITDAR margin of 26.2% up 50 basis points since 2018.
- In the **Benelux**³ region the reported growth remained high at 18.2% (versus 20.3% in 2018) following the Senior Assist acquisitions, the organic growth is strong with +5.7% in 2019 up 200 basis points versus 2018 resulting from the continued ramp up of some facilities. The EBITDAR margin decreased to 25.2% (versus 25.9% in 2018) following the integration of the Netherlands portfolio with a number of facilities ramping up and a pipeline of development.
- In **Italy**, revenue was up by +9.3 % driven by a dynamic acquisition strategy with a focus on healthcare services and a local cluster approach in key regions. This has allowed the number of

² Included Spain (€ 25.5m)

³ Included Netherlands (€ 12.4m)



clients that Korian Italy provides services to increase by over 150% in 3 years and the strategy of specialisation has fuelled an increase of 50 basis points in organic growth to 2.2%. The EBITDAR margin remains stable at 23.7% (versus 23.6% in 2018) in a context of rapid growth.

Korian's **EBITDA** totalled €535.1 million in 2019, up 12.2% on 2018. As a result, the EBITDA margin increased by 50 basis points to 14.8%. The EBITDA margin improvement has been driven by the business mix: higher levels of outpatient care, home care and diversified services have contributed for 20 basis points of this improvement. A significant contribution of 30 basis points is linked to the Asset Smart strategy

Korian now owns 184 facilities representing over €2 billion in value. These facilities are in all of the Group's geographies and now represent 22% of the value of the real estate assets operated by the Group. In 2019 the Group invested €279m in real estate.

Earnings before interest and taxes (EBIT) amounted to €337.7 million, i.e. 9.3% of revenue (versus 9.4% in 2018).

Net profit (Group share) totalled €136 million, an increase of 10.4% versus 2018 after income tax expense of €64.7 million and a tax rate of 32%.

Strong financial structure maintained

The Group has generated € 231m of operating free cash flow⁴ in 2019 representing an increase of 13%, fuelled by the increased EBITDA and improved working capital management. The cash conversion ratio of the EBITDA is 43%. Maintenance capex, included here, represent 2.7% of revenue having increased in 2019.

Korian's balance sheet remains strong in a context of high growth and investment, with an adjusted leverage of x3.1. The Group's net financial liabilities increased to €3,157 million from €2,724 million at 31 December 2018, around half of this increase comes from an increase in real estate debt. The real estate debt represents € 1,062 million compared to a real estate portfolio value of € 2,035 million and therefore a Loan-to-value ratio of 52%, versus 51% in 2018.

2019 and 2020 Human Resources initiatives

In 2019 the Group recruited more than 11,000 new permanent staff members, contributing to reinforcing the organisation of the staff across the network, and expects recruit 12,000 permanent staff in 2020, bringing the net

⁴ The change is calculated on the basis of operating free cash flow as restated in 2018



The Group has significantly invested in training, with notably more than 4% of staff integrated into qualifying training paths, up 20% mainly France and Germany. New apprenticeship schemes have been launched in France and Germany, for chefs and care staff.

In 2020 Korian will launch a proprietary apprentice training centre in France dedicated to nursing staff and create a learning hub located in Lyon with selected digital partners, in order to produce digital and on site learning materials for the Group.

The Group has developed in partnership with IFG Executive Education Group the first European 3 year qualifying training course specifically designed for Korian care site managers, to be rolled out across the entire Group in 2020.

Korian is committed in 2020 to continuing its investment in its staff and is proud of its high level of engagement of its teams at 75%⁵ in 2019.

Environment and Social responsibility

Given the role and responsibilities of the Group towards its clients and their families, towards its employees, towards our local communities and towards society at large, Korian has decided to take 15 measurable ESG commitments covering the 5 key dimensions of the Group's environment and social responsibilities. These objectives aim to impact positively:

- providing the best quality care to our clients and the best support to their loved ones;
- improving the quality of work and ensuring attractive career paths for our employees;
- contributing to 'ageing well' in a society facing the challenge of longevity;
- participating in local communities; and
- combatting climate change through the Group's actions to reduce its carbon footprint.

All these commitments have specific related action plans and will be measured and reported on a regular basis starting from 2020.

Outlook

With a pipeline of over 15,000 beds, the acquisitions announced so far in 2020, including the expansion in the Netherlands, the acquisition of 5 Santé clinic group and the strong results of 2019, the Group anticipates an acceleration in 2020 to reach a revenue growth of c. 9% and an EBITDA margin above 15%.

The Group therefore confirms with a strong confidence its objectives for 2021: revenue above € 4.2bn, EBITDA margin above 15.5% and operating free cash flow generation of € 300m.

⁵ IPSOS survey with 25,000 participants



Dividend Proposition & Annual Shareholder Meeting

The Board of Directors will submit to the next Annual Shareholders' Meeting to be held on May 28, 2020, the distribution of a dividend of € 0.66 euros per share (compared to €0.60 per share for the previous years) with an option for payment in new shares.

The Board, acting on the recommendation of the Compensation and Appointment Committee, will also propose the following renewals in the Board's membership to the shareholders at Annual Meeting:

- to re-appoint Christian Chautard as a Director for a three year term. It also decided that if Christian Chautard is re-appointed as a Director, the Board will re-appoint him as their Chairman following the Annual General Meeting for the same duration as his term of office as Director,
- to re-appoint Dr. Markus Muschenich for a three year term.

Moreover, the Board has noted the departure of Jérôme Grivet after 8 years as part of Korian's Board of Directors and Chairman of the Investment committee. The Board thanks him for his insight, continuous support and remarkable contribution to the development of the Group. The Board will therefore propose to the Annual Shareholder Meeting to appoint Philippe Dumont, Crédit Agricole SA Deputy General Manager, Head of Insurance and CEO of CAA and Predica, as Director for a three year term.

Finally the Board will propose to the shareholders to appoint Mrs. Sophie Boissard, Chief Executive Officer, as Director for a three year term.

The Board of Directors has taken note that the term of office of PSP Investments will expire at the close of the 2020 General Meeting and thanked their representatives warmly for their participation to the Board and the Committees to which they contributed.

At the close of the General Meeting on May 28, 2020, the Board of Directors would thus have 50%/50% split between female and male Directors and 50% Independent Directors.

Presentation of 2019 results – Analyst meeting

The presentation of 2019 results will be held on Friday, 28 February 2020 at 10:00 a.m. at

Le Cercle d'Aumale,

22, rue d'Aumale, 75009 Paris (admission starting at 9:30 a.m.).

This presentation will be broadcast live at the www.korian.com website (investors section) or via the following link: https://channel.royalcast.com/korianen/#!/korianen/20200228_1

A deferred version will be available online during the day

The presentation document will be available before the presentation.



Next communication

29 april 2020 : Revenue 1st quarter 2020 (after close of market)

About Korian

Korian is the leading European Care and Support Services Group for elderly and fragile people.

www.korian.com

Korian has been listed on Euronext Paris Section A since November 2006 and is included in the following indices: SBF 120, CAC Health Care, CAC Mid 60, CAC Mid & Small and MSCI Global Small Cap

Euronext Ticker: KORI - ISIN: FR0010386334 – Reuters: KORI.PA – Bloomberg: KORI.FP

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APPENDICES

Environment and Social responsibility

15 ESG Commitments

1 AUTONOMY OF ELDERLY AND VULNERABLE PEOPLE	Positive Care deployed in 100% facilities by 2023	ISO Certification of 100% facilities by 2023	Designated Mediator per country and Client Care Chart deployed across Korian by 2023
2 QUALITY AT WORK	Maintain or reinforce average tenure (currently 6 years)	8% of staff in qualifying training programs by 2023	+10% of women in Top Management to reach 50% by 2023
3 MAKE A POSITIVE CONTRIBUTION TO AGEING WELL	At least 1% of Group net result to be dedicated to philanthropic actions	Stakeholder Councils to be set up in all countries by 2023	Contribution to research projects = 5 scientific publications per year
4 ENGAGING IN LOCAL COMMUNITIES	70% of purchases done locally (in one of the Group countries) + 20% from small businesses	100% of sites engaged in a project for their community by 2023	Local Community & Family Committees in 100% of facilities by 2023
5 ENVIRONMENT AND CLIMATE	-3% energy consumption in 2020	-5% waste reduction by 2023	All new buildings certified 'HQE' or equivalent (starting 2020)
<p style="text-align: center;">← Long-term objective -40% carbon emissions reduction →</p>			



REVENUE

In €m Revenue	1 st Quarter		% Change		% Revenue
	2019	2018	Reported	Organic	
France*	424.8	400.4	+6.1%	+3.0%	48.7%
Germany	233.6	223.7	+4.4%	+4.4%	26.8%
Belgium	123.7	100.8	+22.6%	+6.7%	14.2%
Italy	89.5	81.1	+10.4%	+2.5%	10.3%
Total revenue	871.6	806.1	+8.1%	+3.8%	100.0%

* Including Spain €3.9m

In €m Revenue	2 nd Quarter		% Change		% Revenue
	2019	2018	Reported	Organic	
France	440.0	412.1	+6.8%	+3.2%	49.1%
Germany	239.4	226.0	+5.9%	+5.0%	26.7%
Belgium	124.6	103.3	+20.6%	+5.6%	13.9%
Italy	91.7	86.5	+6.0%	+1.0%	10.2%
Total revenue	895.7	827.8	+8.2%	+3.8%	100.0%

* Including Spain €4.3m

In €m Revenue	1 st Half-Year		% Change		% Revenue
	2019	2018	Reported	Organic	
France	864.9	812.5	+6.4%	+3.1%	48.9%
Germany	473.0	449.7	+5.2%	+4.7%	26.8%
Belgium	248.3	204.1	+21.6%	+6.1%	14.0%
Italy	181.2	167.6	+8.1%	+1.7%	10.3%
Total revenue	1,767.30	1,633.90	+8.2%	+3.8%	100.0%

* Including Spain €8.2m



In €m Revenue	3 rd Quarter		% Change		% Revenue
	2019	2018	Reported	Organic	
France*	442.2	415.3	+6.5%	+2.8%	48.6%
Germany	243.2	230.6	+5.5%	+4.7%	26.7%
Belgium	133.1	108.8	+22.3%	+6.9%	14.6%
Italy	91.9	84.9	+8.2%	+2.7%	10.1%
Total Revenue	910.3	839.6	+8.4%	+3.8%	100.0%

* Including Spain €4.3m

** Including Belgium and Netherlands (€6.9m)

In €m Revenue	9 month		% Change		% Revenue
	2019	2018	Reported	Organic	
France*	1 307,00	1 227,90	+6.4%	+3.0%	48.8%
Germany	716.2	680.3	+5.3%	+4.7%	26.7%
Belgium	381.3	312.9	+21.9%	+6.4%	14.2%
Italy	273.1	252.4	+8.2%	+2.0%	10.2%
Total Revenue	2,677.6	2,473.5	+8.2%	+3.8%	100.0%

* Including Spain €16.3m

** Including Belgium and Netherlands (€6.9m)

In €m Revenue	4 th Quarter		% Change		% Revenue
	2019	2018	Reported	Organic	
France*	453,9	416,50	+9.0%	+4.0%	48,5%
Germany	244,9	232,5	+5.3%	+3.9%	26,2%
Belgium	134,2	123,2	+8.9%	+3.8%	14,4%
Italy	102,0	90,8	+12.3%	+2.5%	10,9%
Total Revenue	934.9	863.0	+8.3%	+3.8%	100.0%

* Including Spain(€9.1m)

** Including Belgium and Netherlands (€5.5m)

In €m Revenue	Full year 2019		% Change		% Revenue
	2019	2018	Reported	Organic	
France*	1,760.9	1,644.40	+7.1%	+3.2%	48,7%
Germany	961.1	912.7	+5.3%	+4.5%	26,6%
Benelux**	515.5	436.2	+18.2%	+5.7%	14,3%
Italy	375.0	343.2	+9.3%	+2.2%	10,4%
Total Revenue	3,612.50	3,336.50	+8.3%	+3.8%	100.0%

* Including Spain(€25.5m)

** Including Belgium and Netherlands (€12.4m)



INCOME STATEMENT

€m	FY 2019 Excluding IFRS 16	IFRS 16 Adjusted	FY 2019 Including IFRS 16
Revenue	3,612.5	-	3,612.5
Staff costs	(2,005.3)	-	(2,005.3)
% of revenue	55.5%	-	55.5%
Other costs	(659.1)	(3.6)	(662.7)
% of revenue	18.2%	-	18.3%
EBITDAR	948.1	(3.6)	944.6
% of revenue	26.2%	-	26.1%
External rents	(413.0)	353.3	(59.7)
% of revenue	11.4%	-	1.7%
EBITDA	535.1	349.8	884.9
% of revenue	14.8%	-	24.5%
<i>Amortisations, Depreciations and Provisions</i>	(197.4)	(313.2)	(510.6)
EBIT	337.7	36.5	374.3
% of revenue	9.3%	-	10.4%
Non current expenses	(15.7)	-	(15.7)
Operating income	322.1	36.5	358.6
% of revenue	8.9%	-	9.9%
Financial result	119.9	(63.2)	(183.1)
Net income before tax	202.2	(26.6)	175.5
Income tax	(64.7)	5.4	(59.3)
% tax rate	32.0%	20.2%	33.8%
Minority interests	(1.5)	-	(1.5)
Net profit - Group share	136.0	(21.3)	114.7



BALANCE SHEET

Assets

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Goodwills	2,504,154	2,311,822
Intangible fixed assets	1,943,860	1,822,819
Property, plant and equipment	2,031,514	2,292,431
Rifht of use	3,441,069	-
Financial assets	38,152	57,296
Deferred tax assets	76,259	140,132
Non-current assets	10,035,008	6,624,501
Inventory	33,909	17,113
Trade receivables and related accounts	284,047	235,611
Other receivables and current assets	235,870	192,666
Financial instruments - assets	4,619	3,213
Cash and cash equivalents	344,786	550,361
Current assets	903,232	998,964
Total assets	10,938,240	7,623,465

Liabilities

<i>In thousands of euros</i>	31.12.2019	31.12.2018
Share capital	413,641	409,882
Premiums	902,503	881,765
Reserves and consolidated results	1,242,043	1,264,538
Shareholders' equity (Group share)	2,558,187	2,556,185
Non-controlling interests	11,449	11,814
Total shareholder's equity	2,569,637	2,567,999
Provision for pensions	85,454	70,769
Deferred tax liabilities	534,627	583,287
Other provisions	57,028	115,982
Borrowings and financial debt	2,408,004	2,861,096
Lease liabilities	3,315,424	-
Other non-current financial liabilities	38,544	32,132
Total non-current liabilities	6,439,082	3,663,266
Provisions for less than one year	12,607	12,482
Trade payables and related accounts	369,942	315,111
Other liabilities and accruals	733,205	635,523
Borrowings due within 1 year and bank overdrafts	453,481	412,948
Lease liabilities below 1 year	331,270	-
Derivative financial instruments	29,016	16,136
Total liabilities	1,929,522	1,392,200
Total liabilities	10,938,240	7,623,465



CASH FLOW STATEMENT

€m	FY 2019 <i>Excluding IFRS 16</i>	IFR 16 <i>Adjusted</i>	FY 2019 <i>Including IFRS 16</i>
EBITDA	535,1	349,8	884,9
Non cash & others	(38.8)	12,2	(26.7)
Change in WCR	6,5	0	6,5
Operating Capex	(99.0)	-	(99.0)
Operating Cash Flow	403,8	362,0	765,8
Income tax paid	(58.9)	-	(58.9)
Financial expenses paid	(114.3)	(63.2)	(177.5)
Operating Free Cash Flow (OFCF)	230,6	298,8	529,4
Development capex	(99.4)	-	(99.4)
Financial investments (bolt-on acquisitions)	(254.3)	-	(254.3)
Net Free cash flow (FCF)	(123,2)	298,8	175,6
Dividends paid	(33.4)	-	(33.4)
Real estate investments / divestments	(278.8)	-	(278.8)
Non-cash adjustments to net debt & other	2.2	(393.4)	(391.2)
Net debt variation	(433,2)	(94,6)	(527,8)