



Paris, 15 September 2016

Korian presents its 5-year strategic plan

- Korian's ambition is to be the European leader in senior care services, by leveraging its strong existing positions in the nursing home and specialised clinic markets.
- Increase density of network and accelerate the development of service flats and homecare services in the Group's four countries
- Implement a platform and network approach to offer customers an expanded range of services that is tailored to their needs and expectations
- Maximize the value of assets by developing service and cost synergies and through dynamic management of the real estate portfolio
- Financial targets* for 2021:
 - Around €3.8 billion in annual revenue
 - An EBITDA margin close to 14.5%
 - A 50% increase in operating free cash flow⁽¹⁾
 - A restated leverage⁽²⁾ of close to 3.5 times
 - Maintain current dividend policy.

Korian, the European leader in Ageing Well, announces its 5-year strategic plan.

Sophie Boissard, the Korian group's Chief Executive Officer commented: *"The unique network of facilities that Korian has established in Europe, which the talent and commitment of its employees and the loyalty of its customers have made possible, gives it the resources it will need to pursue its growth and consolidate its position as the leading provider of senior care services. The main pillar of our growth strategy is our expertise in medical and other care services. By combining our service offerings and developing new types of services, we intend to serve our customers even better and become their most trusted care provider. This value-creating strategy, which is underpinned by an effective organisation and rigorous financial discipline, will provide Korian with the foundation it needs to undertake a new phase in its development, but with the same objective of improving the lives of seniors."*

*: excluding strategic M&A



Numerous growth opportunities

The European market for healthcare and other services for seniors enjoys strong growth that is structurally sustainable, as population ageing continues in Europe, where the number of people age 85 and older is forecast to grow at an annual rate of 3% until 2030 and the demand for dependency care for people suffering from chronic diseases is steadily increasing.

Concurrently, we are seeing that advances in medicine and in technology are expanding the spectrum of accompaniment and dependency care solutions — which range from home care to long-term care nursing homes and include day care, day hospitalisation and short-term stays — to give the elderly more freedom of choice and autonomy.

In this environment, Korian intends to:

- Pursue the development of its nursing homes and specialized clinics business, by expanding the range of services these facilities provide (e.g. with short-term stays, day care and outpatient care) and by continuously improving the quality of medical care;
- Accelerate the development of its service flats and home-care services;
- Coordinate service offerings and strengthen synergies more effectively throughout its network. This way the 200,000 clients served each year will be provided with a range of services that meet their evolving needs.

With its 45,000 committed healthcare professionals, its recognized expertise in age-related diseases and disorders, and its proven innovation capability, Korian's goal is to consolidate its position as the European leader in senior care services.

A strategy that creates value

The pillars of Korian's value-creating strategy are:

- **Robust growth** of the Group's nursing homes and specialised clinics (its two historic businesses), to consolidate Korian's leading positions in the private healthcare sector in its four geographic markets: France, Germany, Italy and Belgium
- **Expanding Korian's service flats and home-care offerings** with services that complement its historic business activities
- **Continuously optimizing its network of facilities and deploying integrated platforms** that foster local synergies
- Developing a **strong brand**, for both customers and employees
- Systematic differentiation through **innovation** in medical care and digital technologies.



The strategy's five priorities are:

- **Boost internal growth**, mainly organically, by optimising the network, increasing its density with creation or acquisition new facilities, and by expanding the range of services provided
- **Improve** operating performance by optimising support functions through the leveraging of synergies and scale brought by the size of the Group's network
- **Invest** in our people, by expanding and leveraging the knowledge and expertise of the Group's 45,000 employees and anticipating future requirements
- **Optimize** real estate assets to create value and support the Group's development, through the dynamic management of its property portfolio, the formation of in-house teams to promote property development, global partnerships with investors and a policy of selective ownership of strategic assets
- **Innovate** in new concepts, therapeutic care and in the use of digital technologies for the benefit of both customers and employees.

This strategy is supported by a comprehensive implementation plan and a strict financial discipline that aims to increase cash flow and create value.

Financial objectives

Korian has set the following objectives* for 2021:

- revenue of close to €3.8 billion, representing CAGR of about 5% between 2016 and 2021, with an additional 2,500 to 3,000 beds each year
- An EBITDA margin of approximately 14.5%

Midway through the plan, in 2019, the Group is expecting revenue of about €3.5 billion and an EBITDA margin of about 14%.

Korian expects to increase its operating free cash flow⁽¹⁾ by 50%, achieve a restated leverage⁽²⁾ of 3.5 times by the end of the plan and maintain an attractive shareholder return.

*: excluding strategic M&A

(1) Free operating cash flow = Cash flow from operations – (the change in working capital + maintenance investments + financial expenses + taxes)

(2) Restated leverage = (Net debt – real estate debt) / (EBITDA -6.5% * real estate debt)



ABOUT KORIAN

Korian, Europe's leading Ageing Well specialist, founded in 2003, has the capacity to accommodate more than 70,000 residents and patients in Europe (France, Germany, Italy and Belgium) and employs around 45,000 staff members. The Group manages more than 700 facilities in four business lines: long-term care nursing homes, post-acute and rehabilitation care clinics, assisted living facilities and home-care services.

For more information, please visit the website: www.korian.com

Korian is listed on Euronext Paris Compartment A 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

INVESTOR CONTACT

Didier Laurens
Investor Relations Director
didier.laurens@korian.com
Tel: +33 (0)1 55 37 53 55

PRESS CONTACT

Sophie Bodin / Tarick Dali
DGM Conseil
s.bodin@dgm-conseil.fr / t.dali@dgm-conseil.fr
T : +33 (0)1 40 70 95 93