



Paris, 29 April 2020

Update on the Covid-19 health crisis and quarterly financial reporting for Q1 2020

Korian is fully mobilised to deal with a pandemic on an unprecedented scale

Sophie Boissard, Chief Executive Officer of Korian and Chair of the Korian Foundation for Ageing Well: *"We have been dealing with an unprecedented crisis for over two months now, due to the extremely rapid spread of the Covid-19 epidemic throughout Europe and around the world.*

My thoughts, and those of the members of the General Management Committee and Board of Directors, are with the people who have been affected by the virus, most especially with those who have lost a loved one.

In the face of the danger, which poses a particularly serious threat for the elderly and fragile people we care for, the entire Korian network rallied to protect and attend to its residents, patients and their families. This commitment shone through the extraordinary dedication of all our teams across Europe, who have shown exceptional solidarity, energy and professionalism, and I commend them for that.

We will continue to work relentlessly to tackle the new healthcare challenges that this epidemic is facing us with, and we know we can count on the dedication of our teams to do so."

- **Drastic measures, starting at the end of February, to protect residents, patients and employees**
 - Implementing the *Vigilance Epidémie* plan which involved strict barrier measures (washing, protective equipment, regulating then suspending visits), ahead of local health authorities' instructions to do so
 - Sourcing critical equipment, medicine and other supplies at a time when suppliers around the world were under intense pressure
 - Strengthening IT networks to provide more channels for communication between facilities and families, and for all the support function teams to work from home
 - Appointing a Covid committee, bringing together experts and other qualified individuals, and chaired by Dr Françoise Weber

- **Enlisting the network throughout Europe to push back against the pandemic**
 - Bolstering the teams working alongside residents, patients and families at each site, and providing massive support (hiring some 3,700 people since 1 March) to help out in the geographies that have been hit the hardest by the epidemic
 - Close cooperation between the Group's healthcare and medical welfare activities, in particular to set aside capacity to take in Covid-19 patients from hospitals in 50 Group facilities across Europe



- Keeping residents, patients and their families in touch, with digital communication solutions at each site (a proprietary social network, videoconferencing, etc.)
- **Ongoing network adaptation to cope with Covid-19 over the long run**
 - **Protecting:** continuing to apply the *Vigilance Epidémie* plan's barrier measures, even when there are no visible epidemic-related risks
 - **Screening:** screening campaigns in facilities, covering residents, patients and employees
 - **Isolating:** sectorising facilities or placing each newly identified case in home quarantine
 - **Connecting:** Introducing protocols enabling families and friends to resume visits safely
- **Solidarity with all stakeholders**
 - Exceptional bonuses for employees involved in efforts to deal with the pandemic
 - A €1 million Covid-19 Solidarity fund to fuel research against Covid-19 and support caregivers and their families, principally funded by contributions from the Group's executives
 - Allocating 25% of the Chief Executive Officer's 2020 compensation and 25% of the that of the Chairman and members of the Board of Directors to the Covid Solidarity fund
- **Q1 2020 revenue of €941.6 million, up 8.0% year-on-year, representing organic growth, due to the limited effects of the Covid-19 crisis at end-March**
 - The Covid-19 pandemic has affected different parts of the European network in different ways and in a gradual manner. The impact on business has been more significant in Italy, where the epidemic broke out earlier, and due to the limitations on healthcare activities
 - Diversification into medical and home care services continued, reinforcing the resilience of all the Group's activities
- **Withdrawal of the proposal to pay a dividend in respect of 2019 earnings**
- **2020 guidance suspended due to the general situation and its impact on the Group's activities in its various geographies**



Drastic measures to protect residents, patients and employees

The Group activated level 2 of the *Vigilance Épidémies* plan on 25 February in five of its six host countries. This involved stepping up the barrier measures already in place and limiting visits in healthcare and medical welfare facilities. That same day, it activated level 3 of the plan at its facilities in Italy and in the first French areas to be hit by the epidemic (Oise). At that point, visits were suspended and access to facilities was restricted to employees and healthcare professionals. Level 3 was later activated in all facilities across the network, starting on 6 March in France, when the government triggered the *Plan Bleu*, then in Germany, Belgium, the Netherlands and Spain over the following days.

From 17 March 2020 onwards, as the pandemic was gathering pace and new clusters were appearing, strict lockdown protocols, in rooms or within small facilities, were implemented.

All these measures included specific training in methods to deal with the pandemic for employees working on site.

In addition to these protective measures, the Group made exceptional arrangements to:

- **Secure supplies of critical equipment, medicine and other purchases** throughout Europe: to avoid any shortages, at a time when markets around the world were under intense pressure and some health authorities were requisitioning part of the available stocks, the Group pooled its management of individual protective equipment inventory across Europe. Thanks to the Group's network of procurement officers and the fast response on the part of our main suppliers, stocks of critical supplies to last at least 30 days were secured and have been constantly replenished since. This platform is also ensuring that facilities have the medical equipment (e.g. oxygen systems) and medicine they need to treat patients with Covid-19.
- **Ensure service continuity in facilities:** the Korian Group's companies deployed considerable resources, coordinating at country level, to bolster the front-line teams dealing with the epidemic or replace employees on sick leave. They have hired about 3,700 people in total since 1 March.
- **Strengthening IT networks:** with all the Group's support-function teams in every country working from home, there were no disruptions or interruptions in the services provided at facilities or for outside organisations.
- **Keeping residents, patients and families in touch,** in spite of the lockdown, in particular with mobile videoconferencing capabilities on tablets at all facilities. Meanwhile, use of social networks such as Korian Générations in France, increased substantially (with 8,500 families active on them).

While 30 sites (accounting for 4% of the network), located in the epidemic's first clusters in France, Belgium and Italy, were sadly hit hard by the epidemic early on and for that reason reported a considerable number of fatalities, **two-thirds of the facilities have had no identified cases of the disease to date.** At 23 April 2020, 258 of the 803 medical welfare facilities in the network have reported cases of Covid-19 among residents, 3,677 of whom have tested positive.

During the various testing campaigns, taking into account the testing capacities in each country, 1,394 employees tested positive for Covid-19 (2.5% of the total) and 642 employees who had initially tested positive for Covid-19 are believed to have recovered.



The network's Europewide mobilisation against the pandemic

The first signs of the Covid-19 pandemic appeared the Group's host countries this February. The virus was new and unusually contagious, little was known about its propagation mechanisms, it threatened elderly and fragile people most especially, and there were no treatments to prevent or cure it. The Group struck back, ahead of local health authorities' instructions and recommendations, based on the best available knowledge about the epidemic's spread.

All the teams on the front line alongside patients and residents in nursing homes, clinics and at home persistently continued to provide care and treatment in spite of the health risks. They were backed up by the support functions, which secured supplies, made arrangements to replace staff on sick leave and reinforced the IT systems, which came under considerable strain when employees started working from home. These emergency arrangements were made while constantly liaising with the various employee representative bodies.

The upsurge in solidarity among the Group's various activities (Medical Welfare, Healthcare and Home Care) was also visible on a local level. The healthcare teams provided exemplary support for the medical welfare network, particularly in France, through mobile teams (home care, hygiene correspondents) or the telemedicine system, Omedys, a subsidiary acquired at end-2019. By the end of March, the Group had connected over one-third of its medical welfare facilities to this platform enabling remote consultations and conversations with experts, for local medical teams and for employees to discuss their own concerns. The goal is to extend this platform across the network.

At the request of local health authorities, the Group also set aside beds and other capacity at more than 50 facilities and clinics across Europe, to help Covid-19 patients fully recover once they were discharged from hospital. In France, we have taken in 750 Covid+ patients, mostly from intensive care units, so far.

Through an experimental platform, Inu Covid, we are also providing remote care for patients. This platform was developed by our subsidiary Move In Med, a digital technology specialist, and is being used pending resumption of day care and ambulatory activities in the healthcare network.

Ongoing network adaptation to cope with Covid-19 over the long run

As the coronavirus will likely continue to circulate for a lengthy period of time, as local health authorities are preparing to gradually ease the lockdown, and as no treatments to prevent or cure the disease will be available in the near future, the Group has mapped out an action plan to enable its medical welfare and healthcare facilities to continue to operate safely. This involves providing ensuring against the virus while resuming social activities and once again enabling close ties between residents and patients and their families and friends.

This action plan is based on the following measures:

- Protecting: maintaining the *Vigilance Epidémie* plan's level 3 hygiene and protective measures at all sites, as a precaution and until further notice;
- Screening: extensive campaigns on a regular basis, for employees, residents and patients, as tests become increasingly available;
- Distancing: immediately isolating anyone who is identified as contagious;
- Connecting: at the same time, in accordance with local guidelines, the Group is making arrangements for families and friends to start visiting facilities again, with measures to ensure safe and regulated access.

The Group continues and will continue to closely monitor medical knowledge about the way the virus spreads and to adapt prophylaxis accordingly, and findings relating to therapeutic options.



To this end, the Group's General Management has appointed a Covid committee, bringing together experts and other qualified individuals, and chaired by Dr Françoise Weber, to continue to adjust the medical and technical response to the challenges surrounding Covid-19.

The Group's Board of Directors and its Ethics, Quality and CSR Committee have also been watching the pandemic very closely since February.

To inform their work, the Board of Directors appointed an ad hoc committee on 2 April 2020 and tasked it with tracking all the pandemic's consequences on the Group. This committee has met five times so far.

Solidarity with all stakeholders

The Group is aware of the extraordinary dedication of the teams at its facilities, who are on the front line with their residents and patients, and of the unwavering involvement of its support function teams in efforts to cope with this unprecedented crisis. It plans to tighten its pact of trust with its employees, through its company project In Caring Hands.

Korian is already fully involved, alongside employee representative bodies across Europe, in professional development and training paths leading to formal qualification¹ (its target for 2023 is 8% of its workforce on a training path leading to formal qualification). It intends to advance its social dialogue with its partners on this matter, especially with a view to stepping up support for teams with training in occupational health and safety, and has set up its Foundation in Germany to further its efforts on this front.

The Group is also planning to pay out exceptional bonuses to the employees at its facilities in Europe, and is discussing with all employee representative bodies with a view to paying bonuses before the summer.

Cuts in the compensation of the Chief Executive Officer, Chairman of the Board of Directors and Board members in 2020

Beyond the unwavering efforts and commitment of Korian's teams, the Board of Directors decided at its meeting on 29 April 2020 to agree to the Chief Executive Officer's proposal involving a 25% reduction to her compensation in 2020. This reduction also applies to the Chairman of the Board of Directors and the other Board members.

A €1 million Covid-19 Solidarity fund

As an extension of its societal initiatives for the elderly through its two foundations in France and Germany, Korian has set up a Covid-19 Solidarity fund and endowed it with €1 million to fuel research against the disease and support caregivers and their families. It is principally funded by the 25% cuts in the compensation that the Group's corporate officers were due to receive in 2020 and contributions from the General Management Committee's members.

¹ Training, recognition of work experience, certificate and degree training paths



Quarterly financial reporting

First-quarter 2020 revenue up 8%, including organic growth of 3.7%, with the impact of the Covid-19 crisis remaining limited up to the end of March

In € millions Revenue	First quarter		% change		% of total
	2020	2019	Reported	Organic	
France*	460.9	424.8	+8.5%	+4.8%	49%
Germany	245.2	233.6	+5.0%	+3.8%	26%
Benelux**	139.1	123.7	+12.5%	+5.1%	15%
Italy	96.4	89.5	+7.7%	-4.0%	10%
Total revenue	941.6	871.6	+8.0%	+3.7%	100%

* of which Spain: €8.6 million in Q1 2020 and €3.9 million in Q1 2019
 ** of which the Netherlands: €10.1 million in Q1 2020

In the first three months of 2020, Korian generated revenue of €941.6 million, up 8.0% year-on-year and representing organic growth² of 3.7%. This increase only partially factors in the initial adverse effects of the Covid-19 pandemic, which occurred gradually and to varying extents in the Group's European markets.

As the virus spread and as the relevant authorities adopted measures in response, the Covid-19 effect started to affect the Group's various businesses in some regions of Italy in early March, and in other countries from mid-March.

As a result, the increase in revenue in the first few months of the year reflects the Group's ongoing diversification into medical activities, alternative and inclusive housing and home care, and its development of digitally delivered home assistance services. The 20 acquisitions Korian made in 2019, along with those integrated during the first quarter, also boosted growth.

- In **France**³, revenue totalled €460.9 million, representing growth of 8.5% (versus 6.1% in the first quarter of 2019) and including organic growth of 4.8%, since the initial Covid-19 impact did not start to appear until mid-March.

In particular, these figures reflect good performance in the Petits-fils (home care) and Ages&Vie (shared residences for seniors) businesses.

The Healthcare division continued to benefit from the transformation of its network and its broader range of specialisms, including the integration of the six clinics forming part of Groupe 5 Santé from 1 February onwards.

Measures taken to address the Covid-19 crisis led to the suspension of outpatient (ambulatory care) services, which had until then been growing rapidly.

- In **Spain**, revenue from which is included with that of the French business, first-quarter growth was driven mainly by the activities acquired from Grupo 5 in June 2019. However, as in the Group's other countries, nursing homes have not accepted any new residents since the start of the lockdown on 15 March and day care centres have been closed.

² Organic revenue growth reflects: a) the year-on-year change in revenue from existing facilities; b) revenue generated in the current period by facilities established in the current or year-earlier period; c) the year-on-year change in revenue at redeveloped facilities or those where capacity has been increased in the current or year-earlier period; d) the year-on-year change in revenue at recently acquired facilities.

³ Including revenue from the Spanish business, i.e. €8.6 million in the first quarter of 2020 and €3.9 million in the first quarter of 2019.



- In **Germany**, revenue rose 5.0% to €245.2 million because of the contribution from acquisitions made in 2019 and the build-up of the home care business. Organic growth of 3.8% reflects the impact of changes in the care mix.
- In **Benelux**⁴, revenue grew 12.5% to €139.1 million, driven by the April 2019 acquisition of Stepping Stones in the Netherlands, and by the two networks of residences, shared residences for seniors and specialist clinics that were added to the Dutch business in February 2020. The figures also reflect the build-up of the Belgian serviced residence business.
However, after lockdown measures were introduced in Belgium on 18 March 2020, all day care centres and cafes open to the public within Belgian facilities have had to close, and nursing homes in Flanders have not been authorised to accept any new residents.
- In **Italy**, revenue rose 7.7% to €96.4 million, driven by 2019 acquisitions in the clinics and home care business. However, organic growth was significantly affected by lockdown measures introduced on 9 March 2020 in Lombardy, Veneto, and Tuscany, where the Group has operations. This led to the closure of all day care centres, ambulatory care services and home rehabilitation activities, and of most surgical activities. Nursing homes saw business levels similar to those of the first quarter of 2019, but were unable to welcome any new residents in March 2020.

Strengthened financial position

On 3 March 2020, Korian announced that it had successfully placed bonds convertible into and/or exchangeable for new and/or existing shares (OCEANES), with a maturity of 2027 and a nominal amount of approximately €400 million. The net proceeds of the issue will be used by the Company to finance its general operational requirements and growth, including real-estate investments and acquisitions, and to refinance acquisitions carried out during the first quarter of 2020. The bonds were issued at par and their nominal value was €61.53 each, representing a conversion premium of 55% with respect to the Company's share price. From the issue date until the maturity date, the bonds will pay interest at a nominal rate of 0.875% per year, payable annually in arrears on 6 March of every year.

On 19 March 2020, Korian issued €49 million of German-law registered bonds (NSV - *Namensschuld-Verschreibung*) bonds with a 15-year maturity. The bonds pay an annual coupon of 2.50%. Settlement of the bonds took place on 9 April 2020 and the proceeds will be used to cover the Group's general funding requirements.

In April 2020, Korian exercised the first one-year extension option on the €500 million RCF (revolving credit facility) tranche of the syndicated loan it renegotiated in May 2019. The RCF is now due to expire in 2025 and gives the Group greater visibility and financial flexibility due to the support of its banking partners.

Together, these transactions aim to strengthen the Group's financial position and increase its liquidity, so that it can finance its business over the long term and have readily available resources as it deals with the Covid-19 pandemic.

2019 dividend proposal withdrawn

Korian is fully committed to fighting the current pandemic, and wishes to use all of its resources for the benefit of all its stakeholders. As a result, as regards the draft resolutions submitted to the Annual General Meeting of

⁴ Including €10.1 million of revenue from Dutch activities in the first quarter of 2020.



22 June 2020, the Board of Directors has decided to withdraw its proposal to pay a dividend of €0.66 per share, with the option to receive the payment in shares, as announced on 27 February 2020 at the time of the Group's 2019 earnings release.

2020 guidance suspended

In the context of the Covid-19 pandemic, the Group will remain fully focused on responding to the care and support needs of the elderly and vulnerable, both across its network of clinics and nursing homes and in their own homes.

While waiting for greater visibility on the public health and economic situation in its various geographies, Korian is temporarily suspending the 2020 guidance it issued on 27 February 2020, It will update the market when the outlook has become clearer.



Next event

22 June 2020 Annual General Meeting

Next publication

6 May 2020: Publication of the 2019 URD

30 July 2020: first-half 2020 revenue and earnings (after the market close)

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

INVESTOR RELATIONS

Sarah Mingham

VP Investor
Relations and Financing
sarah.mingham@korian.com
[Tel: +33 \(0\)1 55 37 53 55](tel:+330155375355)

Carole Alexandre

Deputy Head of
Investor Relations
carole.alexandre@korian.com
[Tel: +33 \(0\)7 64 65 22 44](tel:+330764652244)

PRESS CONTACT

Marjorie Castoriadis

Head of Media Relations
marjorie.castoriadis@korian.fr
[Tel: +33 \(0\)7 63 59 88 81](tel:+330763598881)