



Strong revenue growth of 16.5% in Q2 and 12.3% over the half year, driven by Korian's evolving business model

- **Half year revenue € 2,107.5 million : +12.3% of which 6.4% organic, benefiting from healthcare developments**
- **EBITDA margin up by 110 basis points to 13.2% excl. IFRS 16 (22.6% incl. IFRS 16) reflecting activity normalization in all geographies with an excellent vaccination rate**
- **Net profit (Group share) doubling compared to last year at € 45.3 million versus €20.3 million in H1 2020 (excl. IFRS 16)**
- **ESG roadmap ahead of objectives with 20% of network certified ISO 9001 and more than 4,000 employees in qualifying training programmes**
- **Upgraded revenue guidance to reflect strong growth dynamics:**
 - Full Year 2021 revenue growth guidance upgraded to >10% (vs >9% previously), with EBITDA margin (excl. IFRS 16) and free cash flow to be above 2020
 - Maintained growth momentum in 2022 with annual growth above 10%. Confirmation of EBITDA margin rate of 15.5% (excl. IFRS 16) and free cash flow¹ of 300 million euros

Sophie Boissard, CEO of Korian, commented as follows:

"Korian's half year results show the acceleration of the development of the Group, accompanied by a rebound in our activity in the second quarter. This is, first of all, a reflection of the commitment and professionalism of our teams over the last 15 months, who have been fully mobilised to respond to the high level of needs for treatment and support in the context of Covid-19. It is important for me above all to warmly thank them.

Our results reflect the relevance of our targeted growth strategy that we have been rolling out over the last 5 years. The continued reinforcement of our expertise in rehabilitation and post-acute care and the care of patients, notably through outpatient care, together with the development of our Community Care activities, has created a sustained growth momentum of 10% with over half being organic.

Our aim through providing a wide range of services in the communities where we are present is to respond to growing needs for quality, local care.

Through our selective strategy that targets a limited number of geographies in Europe, we are building an integrated care platform based on our strong values, our Group culture and expertise, to respond to the needs of elderly and fragile people, alongside stakeholders in the communities in which we work."

¹ Levered free cash flow post taxes, financial interests, operating capex and before growth capex



The audited consolidated financial statements for the six months ended 30th June 2021 were approved by the Board of Directors at its meeting of 29th July 2021.

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

The financial statements for H1 2021, which are published in accordance with IFRS 16, are included in the half year financial report available on the Company's website, in the Finance section. The income statement and cash flow statement appended to this press release highlight the impacts of IFRS 16.

Activity update

In an evolving environment, the Group has rolled out a successful vaccination programme that has reduced significantly the level of infections and allowed return to normal activity conditions across the network. The level of vaccination² of our resident is 100% completed, together with a campaign to both inform and organise staff³ vaccination⁴, the Group has a particularly high level of vaccination for the sector since the level of staff declared vaccinated rose from 53% end of April 2021 to 83% at the end of July. This level is significantly higher than the sector averages.

As of 23rd July, the Group has only 18 Covid-19 positive residents out of the entire European network, which is less than 0.2% of employees (health and medico-social sector).

However, given the circulation of the Delta variant in the Group's geographies, the facilities continue to maintain strict hygiene rules and to closely monitor the situation in each region. The Group is already deploying the vaccine booster programmes in line with local health guidelines.

The Group has returned rapidly to pre-pandemic entry levels across the network. Based on the accelerating trend of entries and increased occupancy levels in June and July as well as the increased activity in healthcare, the Group expects to be back to pre-pandemic levels by the end of the year.

² Full vaccination (two doses)

³ All staff in the Korian's Nursing Homes network in Europe

⁴ Full vaccination (two doses)



2021 Q2 and half year revenue

Korian posted a Q1 revenue of € 1,018.2 million, with revenue growth of 8.1% compared to the same period last year, including 1.4% organic growth, despite the third wave of the pandemic that had a lesser impact on activities.

In Q2 2021 revenue was up 16.5% to €1,089.3 million, organic growth stood at 11.3% driven by the strong rebound in rehabilitation and post-acute and sustained high level of activity in mental health, as well as accelerating entry inflows into the long term care network.

In the first half of 2021, **revenue** totalled €2,107.5 million, up 12.3% on the same period the previous year. Strong organic growth of 6.4% reflecting the roll out of the Group's strategy to enlarge its services in long term care and home care, as well as the specialisation of its healthcare activities, including mental health, and moreover benefiting from the compensations received, mainly in Germany and France.

- Long-term care grew by 4.1%, including 2.7% organic growth, given the recovery in new entries leading to increased occupancy rates, with maintained pricing in all geographies.
- Over the period the healthcare activity, benefitted from a strong rebound in activity and the increased outpatient capacity, growing by 43% on last year of which 20% was organic growth in the existing network.
- Community care, including solutions such as Ages&Vie in France and homecare, grew by 14.3% versus same period last year and 7.5% organically demonstrating the continued relevance of these solutions.

Growth & Development of the network

Korian has been delivering growth to respond to the evolving care needs of a growing elderly population and to provide adapted care solutions in a context of the rise of chronic diseases. Indeed there are 6 million chronic patients in the countries where Korian is present, a number that is set to double in the decade ahead.

In this context Korian's growth is focused on increasing its capacity to care for a larger number of people alongside increasing the level of medical expertise across the network. Overall the network grew by 1,737 beds over the half year, of which 743 beds from greenfields and extensions.

The healthcare activities continue to represent a growing part of the activities of the Group reaching 23% of revenue and the Group expects this to reach 30% by 2024.

Seven new acquisitions were finalised in the first half year of 2021, for a total expected revenue of c. €150 million particularly focused on healthcare. Notably, Korian acquired ITA Salud Mental in Spain, following the acquisition of Inicea in December 2020, becoming the third largest private mental health player in both France and Spain. The group also acquired IPDL home



services in Germany, an operator focused on care for patients with chronic respiratory or neurological conditions. Finally in Italy the Group acquired two outpatient clinics, bringing its European network to 117 outpatient centres and increasing its capacities to more than 60,000 sessions per month (an additional capacity of c.14,000 sessions over the half year).

In France, Petits-fils reached 190 agencies and over 9,000 clients, with overall business volume up by more than 60%.

The Group also entered the UK market, one of the largest private long term care markets in Europe, with the acquisition of Berkley Care, a high end care network.

2021 Half Year results

The Group's **EBITDAR** for the first half of 2021 was € 520.5 million with an EBITDAR margin of 24.7%, reflecting lower occupancy, rebounding only in the second quarter, and a maintained staff structure to ensure a high level of care, with limited use of temporary staff, reducing personnel costs. In the first half of 2020, the Group's EBITDAR amounted to €442.9 million with a 23.6% EBITDAR margin⁵.

Results by country⁶:

- In **France, Spain and the UK**, revenue reached € 1,071.9 million, showing strong growth of 16.9% (versus 6.1% in 2020) and strong organic growth of 8.5% driven by the strong performance of the healthcare activities in France. Inorganic growth is driven by the acquisitions in mental health in France and in Spain. Community care continues to grow at a sustained pace. The EBITDAR margin is 25.1%, progressing slightly from 25.0% last year.
- In **Germany**, revenue grew by 5.8%, (versus 5% in H1 2020), to €525.7 million, with a strong organic growth of 4%. Revenue has been supported by strong rebound in occupancy levels in nursing homes throughout the second quarter. Home care activity rose by over 50% over the period following acquisitions in this area and increased demand for services. The EBITDAR margin is significantly up at 27.8% (versus 24.1% in H1 2020), reflecting the increased care mix and favourable tariff impacts.
- In the **Benelux region**,⁷ revenue reached € 288.2 million with reported growth at 1.6% (versus 14.2% in H1 2020) and organic growth slightly positive at 0.5%.. The EBITDAR margin was nearly stable at 22.1% (versus 22.2% in H1 2020).
- In **Italy**, revenue reached € 221.7 million growing by 23.8% with 11.1% organic growth driven by the rebound in healthcare activities and an increase in occupancy in nursing homes from the start of second quarter in favourable sanitary conditions. The revenue growth also reflects the bolt on strategy in Italy where the group has made regular successful

⁵ Data including one-off Covid-19 related costs

⁶ EBITDAR by country for the first half of 2021 as well as for the first half of 2020 includes one-off Covid-19 related costs

⁷ Including Belgium with € 250.1 million and the Netherlands €38.1 million



acquisitions notably to reinforce its healthcare activities. The EBITDAR margin increased to 18.5% (versus 16.9% in H1 2020), as a result of the rebound in activity.

Korian's **EBITDA** impacted by Covid-19 totalled €278.1 million, compared to €227.4 in H1 2020. The EBITDA margin is up 110 basis points to 13.2% from the same period last year, reflecting the increased activity and less Covid-19 related costs.

Korian has continued its dynamic investment policy during this period and invested €561 million in the continued modernisation and diversification of its network and the development of ambulatory care capacity, reflected notably in the increase in development capex.

The Group's free cash flow fell over the period to €16.2 million, reflecting the temporary delay in the payment of public funding in Germany. This effect is expected to wear off in the second half year. **Earnings before interest and taxes** (EBIT) amounted to €147.8 million versus €121.2 million last year, i.e. 7% of revenue (versus 6.5% in 2020), while **net profit (Group share)** totalled €45.3 million versus €20.3 million in H1 2020 excl. IFRS 16, following improved results and a reduced tax impact.

Strong financial structure

The Group's balance sheet is strong with an adjusted leverage ratio of 3.4x, compared to 3.7x in H1 2020, with operating debt representing € 1,564 million, slightly above the end of last year.

The Group continues to deploy its real estate strategy and now owns 25% of its operated network, representing over €2.9 billion in value and a net value of over €1.3 billion after taking into account the real estate debt. This is a direct result of selective investment into sites where the Group can create value.

Net financial liabilities increased to €3,173.6 million from €2,839.8 million at end-December 2020.

Korian had over € 1.5 billion of liquidity at the end of June 2021 with significant cash of € 1 billion on the balance sheet and an undrawn €500 million syndicated facility.

The Group remains well protected against inflation and rising interest rates and has 100% of its net debt hedged. 52% of the Group's gross debt is at fixed rate benefitting from exceptionally low rates and after the implementation of a considered hedging policy 80% of the Group's gross debt is at fixed rate. The average interest rate of gross debt is 2.1%.

ESG commitments and Human Resources

Korian remains focused on the roll out of its ESG strategy with two axes around quality: care excellence and quality at work.

The Group's ISO 9001 certification programme has accelerated with 64 facilities in Germany newly certified, with equivalent to 20% of the network now certified, ahead of our plan for the year. This ISO 9001 approach is a guarantee of the excellence of care and a harmonisation of the procedures across the Group.



Over 2020 Korian saw the net satisfaction score from its residents and families rise by 400 basis points – a reflection on the commitment to best in class care across the Group. In 2021 the regular survey of new residents shows a NSS of 90 in the French long-term care network.

The Group continues to be committed to human capital and quality at work, with an objective to have 8% of the Group's staff, or 4,500 people, in qualifying training programmes at the end of the year. In this context, the Group opened in 2021 its Korian Care training school (*CFA Soin*) with the aim to train 200 new apprentices in France this year. The Group expects to train 640 new apprentices in 2021 covering different professions in France. Overall as of the end of June 2021 the Group has over 4,000 employees in a qualifying training programme.

Korian has also deployed in 2021 an innovative approach to recruitment to on-board 150 ex-employees of the other sectors to be re-trained as care staff. Korian is the only player in the sector to have initiated this programme made available by the French government.

As a result of the Group's commitment to quality at work, and continuing from 2020, the average turnover at 18.6% has again dropped by 1.1% as compared to the same period in 2020 and by around 1.6% compared to 2020 year end.

The Group remains committed to reducing its carbon footprint and has put in place a Green Bond framework notably focused on green building and energy efficiency, certified by a second party opinion, that has been used for the issuance of the Group's first unrated hybrid bond in June 2021.

Outlook

Korian is continuing to deploy its greenfield programmes and has increased its strong pipeline of organic beds of c.11,000 expected to be delivered by 2025.

1,100 new beds are expected to be brought into service in the second half year of 2021- in line with its plan for 1,800 for the year. These buildings will for the most part be certified HQE or equivalent and are part of the Group's commitment to reduce its carbon footprint.

The Group is pursuing actively its targeted acquisition strategy, notably in the healthcare segment. In France the acquisition of the Osny mental health clinic has been finalised in July and Korian continues to study other targeted acquisitions with a predominantly healthcare focus in its different geographies.

The Group has also announced the entry into exclusive negotiations with Colisée and Vivalto Vie for the sale of 32 facilities in France representing c. €85 million of revenue. These processes are now approved by the French Works Council and are expected to be closed by the end of the year and are accounted for as held for sale. These operations confirm the Group's strategy to focus on high end care solutions in each region where the Group is present and will have a positive impact on margins.

Based on all the elements above and the encouraging elements of a rebound in occupancy since the second quarter, the Group now expects revenue above 10% in 2021 (vs >9% previously) and EBITDA margin (excl. IFRS 16) and FCF to be above 2020 levels.

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The Group also upgrades its 2022 guidance above 10% of growth (vs >€4.5 billion previously) and maintains the guidance of 15.5% EBITDA margin rate (excl. IFRS 16) and a Free Cash flow of €300 million.

Next communication
29 October 2021: 2021 Q3 revenue



APPENDICES

Quarterly Revenue

1st quarter

€m	Revenue		Reported growth	Organic growth
	Q1 2021	Q1 2020	Variation %	
France*	510.8	460.9	10.8%	2.8%
Germany	259.3	245.2	5.8%	3.5%
Benelux**	143.4	139.1	3.1%	0.3%
Italy	104.7	96.4	8.6%	(8.7%)
Total	1,018.2	941.6	8.1%	1.4%

* Including Spain for €7.8m in Q1 2021 vs €8.6m in Q1 2020, and United-Kingdom for €1.8m in Q1 2021

** Including Belgium for €125.2m in Q1 2021 vs €129.0m in Q1 2020, and Netherlands for €18.2m in Q1 2021 vs €10.1m in Q1 2020

2ème quarter

€m	Revenue		Reported growth	Organic growth
	Q2 2021	Q2 2020	Variation %	
France*	561.1	456.2	23,0%	14.3%
Germany	266.3	251.6	5.9%	4.5%
Benelux**	144.9	144.5	0.3%	0.6%
Italy	117.0	82.6	41.5%	34.1%
Total	1,089.3	934.9	+16.5%	+11.3%

* Including Spain for €12.5m in Q2 2021 vs €8.3m in Q2 2020, and United-Kingdom for €5.9m in Q2 2021

** Including Belgium for €125.0m in Q2 2021 vs €130.3m in Q2 2020, and Netherlands for €19.9m in Q2 2021 vs €14.2m in Q2 2020



1st half year

€m	Revenue		Reported growth	Organic growth
	H1 2021	H1 2020	Variation %	
France*	1,071.9	917.1	16.9%	8.5%
Germany	525.7	496.8	5.8%	4.0%
Benelux**	288.2	283.6	1.6%	0.5%
Italy	221.7	179.0	23.8%	11.1%
Total	2,107.5	1,876.5	+12.3%	+6.4%

* Including Spain for €20,3m in H1 2021 vs €16.9m in H1 2020, and United-Kingdom for €7.7m in H1 2021

** Including Belgium for €250,1m in H1 2021 vs €259m in H1 2020, and Netherlands for €38.1m in H1 2021 vs €24.3m in H1 2020



Group income statement

€m	H1 2021 <i>Incl. IFRS 16</i>	IFRS 16 <i>adj.</i>	H1 2021 <i>Excl. IFRS 16</i>	H1 2020 <i>Excl. IFRS 16</i>	Δ
Revenue	2,107.5	-	2,107.5	1,876.5	230.9
<i>Growth %</i>	12.3%	-	12.3%	6.2%	+610 bps
Staff costs	(1,212.3)	-	(1,212.3)	(1,096.4)	(115.9)
<i>% of revenue</i>	57.5%	-	57.5%	58.4%	-90 bps
Other costs	(379.6)	4.9	(374.7)	(337.3)	(37.4)
<i>% of revenue</i>	18.0%	-	17.8%	18.0%	-20 bps
EBITDAR	515.6	4.9	520.5	442.9	77.7
<i>% of revenue</i>	24.5%	-	24.7%	23.6%	+110 bps
External rents	(40.3)	(202.1)	(242.4)	(215.5)	(27.0)
<i>% of revenue</i>	1.9%	-	11.5%	11.5%	-
EBITDA	475.3	(197.2)	278.1	227.4	50.7
<i>% of revenue</i>	22.6%	-	13.2%	12.1%	+110 bps
Amortisation & Depreciations	(290.7)	178.8	(111.9)	(97.6)	(14.3)
Provisions	(18.4)	-	(18.4)	(8.6)	(9.8)
EBIT	166.2	(18.4)	147.8	121.2	26.7
<i>% of revenue</i>	7.9%	-	7.0%	6.5%	+50 bps
Non current expenses	(27.1)	-	(27.1)	(20.8)	(6.2)
Operating income	139.1	(18.4)	120.8	100.3	20.5
<i>% of revenue</i>	6.6%	-	5.7%	5.3%	+40 bps
Financial result	(101.7)	35.0	(66.6)	(64.6)	(2.0)
Net income before tax	37.5	16.7	54.1	35.7	18.4
Income tax	8.0	(3.5)	4.5	(14.1)	18.6
<i>Tax rate</i>	(21.4%)	21.1%	(8.4%)	39.5%	-4790 bps
Income from equity method	(0.8)	-	(0.8)	-	(0.8)
Minority Interests	(12.6)	-	(12.6)	(1.3)	(11.3)
Net profit - Group share	32.1	13.1	45.3	20.3	25.7
<i>% of revenue</i>	1.5%	-	2.1%	1.1%	+100 bps



Group cash flow statement

€m	H1 2021 Incl. IFRS 16	IFRS 16 impact	H1 2021 Excl. IFRS 16	H1 2020 Excl. IFRS 16	Δ
EBITDA	475.3	197.2	278.1	227.4	22%
Non cash & others	(1.1)	10.3	(11.4)	(22.6)	
Change in WCR	(138.7)	0.9	(139.6)	(33.0)	
Operating Capex	(40.2)	-	(40.2)	(48.2)	
Operating cash flow	295.1	208.3	86.8	123.6	(30%)
Income tax paid	(12.6)	-	(12.6)	(32.2)	
Financial expenses paid/received	(92.9)	(34.9)	(58.0)	(47.7)	
Free cash flow	189.6	173.4	16.2	43.6	(63%)
Development capex	(84.0)	-	(84.0)	(52.7)	
Financial investments (bolt-on acquisition)	(236.6)	-	(236.6)	(225.8)	
Net free cash flow	(130.9)	173.4	(304.4)	(234.8)	
Dividends paid	(7.3)	-	(7.3)	(5.7)	
Real estate investments (bolt-on acquisitions)	(242.0)	-	(242.0)	(238.0)	
Increase in equity	(0.2)	-	(0.2)		
Non-cash adjustments to net debt & other	37.5	(183.7)	221.2	(56.2)	
Change in total net debt	(343.0)	(10.2)	(332.7)	(534.7)	



About Korian

Korian, the leading European care 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

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