



Paris, 23 March 2016

2015 Results and Prospects

- Revenues: €2,579.3 million, up 3.2%
- EBITDA: €342.0 million, an operating margin of 13.3%
- 2016 Objectives: revenues close to €3 billion and an EBITDA margin close to 2015 level
- Implementing a short-term performance recovery plan
- Continuation of the profitable growth strategy
- New "Korian 2020" Strategic Plan announced in September 2016

Korian, a European leader in Ageing Well, today announced its consolidated results for the financial year ending 31 December 2015. (*)

Sophie Boissard, Korian Group's General Manager, said: "The group has just known a period of very strong transformation, in the course of which its size almost tripled within three years. If our solid results 2015 are less good than anticipated, with the quality of its network, the commitment of its staff and its recognized know-how, Korian already number 1 in Europe has premium assets to pursue and accelerate its profitable growth on the services market in seniors."

€m	2014		2015		
	income statement consolidated (1)	Income statement pro forma (2) (3)	Income statement	Change consolidated	Change pro forma
Revenue	2 222,2	2 499,5	2 579,3	16,1%	3,2%
EBITDAR	613,1	689,2	680,2	11,0%	-1,3%
as a % of revenue	27,6%	27,6%	26,4%		
External rents	(298,8)	(332,4)	(338,2)	13,2%	1,7%
EBITDA	314,2	356,8	342,0	8,8%	-4,1%
as a % of revenue	14,1%	14,3%	13,3%		
EBIT	215,5	247,0	218,2	1,3%	-11,7%
as a % of revenue	9,7%	9,9%	8,5%		

(*): financial statements currently undergoing audit

(**): adjusted from IFRIC 21 impact on taxes



2015 Full year earnings

2015 revenue reached €2,579.3 million, a growth of 16.1% and 3.2% on a *pro forma* basis. In France, revenues grew by 16.1% to €1,535.9 million. *Pro forma* growth reached 2.2%. The international subsidiaries generated €1,043.4 million in revenue, up 4.7% on a *pro forma* basis, accounting for more than 40% of Group revenue, driven mainly by Germany with revenue growing by 9%.

The number of beds operated by Korian at 31 December 2015 had increased by more than 2,800 units (openings of new beds and acquisitions).

Group **EBITDAR** (EBITDA before rent) reached €680.2 million, representing a margin of 26.4% of revenue, down by 120 basis points compared to the 2014 financial year.

In France, EBITDAR declined by €10.7 million at €410.7 million for the following reasons:

- the impact of the harmonisation costs to address employment conditions across the two entities;
- heavy losses registered by a recently acquired facility;
- the reclassification of lay-off costs, previously accounted for under non-recurring items until 2014.

Whereas the foregoing was partially offset by the synergies captured through the merger between Korian and Medica, the EBITDAR to Revenue ratio nevertheless fell by 130 basis points.

In Germany, EBITDAR is almost flat in absolute terms, but margin declined by 240 basis points. This can be explained by:

- an unusually high increase in expenditure against an internal backdrop of managerial difficulties and successive integrations, reorganisations and acquisitions;
- the new entities acquired in 2015 coming on stream with a portfolio of more recent and operationally less mature facilities.

In Italy, the EBITDAR to Revenue ratio remained stable on a like-for-like basis. However, the reclassification of redundancy costs as current expenditure adversely affected the EBITDAR to Revenue ratio by 50 basis points.

In Belgium, profitability improved by 80 basis points thanks to tight management of operations against a background of significant numbers of openings and acquisitions across the country.



EBITDAR by country

In € millions	2015	2014 <i>pro forma</i>	Growth
France	410.1	420.8	-2.6%
<i>as % of revenue</i>	26.7%	28.0%	
International	270.1	268.4	0.7%
<i>as % of revenue</i>	25.9%	26.9%	
Germany	144.2	143.9	0.2%
<i>as % of revenue</i>	27.8%	30.2%	
Italy	70.6	73.6	-4.1%
<i>as % of revenue</i>	23.1%	23.6%	
Belgium	55.4	51.0	8.6%
<i>as % of revenue</i>	25.4%	24.6%	
Group	680.2	689.2	-1.3%
<i>as % of revenue</i>	26.4%	27.6%	

EBITDA reached €342.0 million, equivalent to 13.3% of revenue. Rents increased by 1.7% to €338.2 million and remained stable as a proportion of revenue at 13.1% (13.3% on a *pro forma* basis in 2014).

EBIT reached €218.2 million, equivalent to 8.5% of revenue.

Non-recurring items increased considerably during the period due to the large numbers of development initiatives and reorganisations undertaken by Group companies in 2015 and the coverage of a certain number of risks.

Net Profit Group share was €58.7 million. Restated for non-recurring items, the **current Net Profit Group share** ⁽⁵⁾ was €85.2 million.

Financial situation

Korian's net financial debt at 31 December 2015 amounted to €1,047 million, excluding real estate debt. The restated debt ratio^(*) represented 3.1 times EBITDA.

On 15 December 2015, Korian issued a multi-tranche Schuldschein for a total €185.5 million. This transaction is part of the ongoing effort to diversify the Group's sources of financing and to extend the maturity of the debt. Following the issue, Korian had €500 million in cash and €400 million in undrawn credit lines.

(*)restated leverage ratio: (net debt – real estate debt) / EBITDA – (6,5% * real estate debt)



A stable dividend of €0.60 per share is proposed

At its next Shareholders' Meeting on 23 June 2016, Korian will propose the payment of a stable dividend of €0.60 per share, with the option of a share based payment.

For nursing homes and assisted living facilities, Germany is now the leading market for Korian

In January 2016, with the acquisition of Casa Reha, Korian strengthened its position as the leader of the nursing homes sector in Germany. This is now the Group's most important country in the nursing homes sector with almost 28,000 beds and apartments in operation. Thanks in part to the quality of its assets, the acknowledged expertise of its teams and the density of its network, as well as to the recently announced arrival of new, experienced management to head up Korian in Germany, the Group now has all the resources it needs to successfully pursue growth in the leading European market for services to the elderly.

2016 Objectives: performance recovery and continuation of growth

Korian confirms expectations of a significant increase in 2016 revenues to reach almost €3 billion, thanks to the integration of Casa Reha, the opening of more than 2,500 new beds and continued targeted acquisitions, which will reinforce in its four business lines.

In the short term, the priority of the Group Management is to recover the Group's operational performance. In Germany, a new management team has already been appointed, led by Ralf Stiller. The team is in charge of the optimization of German operations, implementation of cost-savings measures focused on overheads, personnel costs and purchasing as well as the management of the merger between Curanum and Casa Reha. More broadly, the Group management have already been taken measures to tighten the control of costs, to implement faster the single procurement policy and to reinforce tools and processes of performance management. Furthermore, there is an ongoing review of the performance of the various facilities in France and in Germany. Finally, criteria for the calculation of the variable compensation of managers are now broader and includes a cash management criterion.

In 2016, given the dilutive effect of the consolidation of Casa Reha, profitability (EBITDA to Revenue ratio) is expected to be close to 2015 levels.

The "Korian 2020" Strategic Plan will be presented on 15 September 2016 during an investors' day. The Group intends to pursue its growth thanks to its position of strength as the European leader in high potential markets, committed employees and solid operational fundamentals.



Next press release: 4 May 2016, after close of trading
Revenues for the first quarter of 2016

(1) Consolidated financial statements: Incorporation of Medica into the scope of consolidation from 1 April 2014.

(2) The Korian *pro forma* financial statements have been prepared using the following assumptions:

- merger of the Korian and Medica groups on 1 January 2014;
- 100% consolidation of Kinetika Sardegna on 1 January 2014. A 28% stake was held in Kinetika Sardegna's share capital until 30 June 2014. It was consolidated using the equity method for the first half of 2014.
- Restatement of expenses related to these business combinations (merger expenses, restructuring of financial hedging instruments, other restructuring impacts, the allocation of the purchase price, etc.), the tax effect of these expenses and charges related to the change in estimate of the provision for impairment of trade receivables.

(3) Revenues and other income

(4) EBITDAR is the P&L measurement preferred by the Korian Group to monitor the performance of its facilities. It consists of gross operating surplus of operating sectors before rental expenses.

(5) Current net profit Group share is defined as profit (loss) attributable to owners of the Group – (other operating income and expenses + profits and losses on acquisitions and disposals of consolidated entities) * (1 – standard corporate income tax of 34%), i.e. net profit (loss) attributable to owners of the Group restated for non-current items.



ABOUT KORIAN

Korian, European leader in Ageing Well, 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 almost 700 facilities in four business lines: nursing homes, post-acute and rehabilitation clinics, assisted living and home-care services.

For more information, please visit the website: 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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CONSOLIDATED INCOME STATEMENT

In €m	2014*	2015	Change
Revenue	2 222,2	2 579,3	16,1%
Personnel expenses	-1 062,1	-1 319,6	24,2%
Other purchases, external costs, other taxes	-547,0	-579,4	5,9%
EBITDAR	613,1	680,2	11,0%
<i>% of sales</i>	27,6%	26,4%	
External rents	-298,8	-338,2	13,2%
EBITDA	314,2	342,0	8,8%
<i>% of sales</i>	14,1%	13,3%	
Other operating expenses and income	-35,2	-39,2	11,5%
Depreciation and amortisation	-98,7	-123,8	25,4%
Operating income	180,3	179,0	-0,7%
<i>% of sales</i>	8,1%	6,9%	
Financial result	-73,9	-65,0	-12,2%
Income tax	-42,5	-53,0	24,9%
Share of profit of equity affiliates	0,6	0,0	NS
Minority interests	-3,3	-2,3	-29,9%
Net profit Group share	61,3	58,7	-4,2%
Current net profit Group share	95,0	85,2	-10,4%

*: restated IFRIC 21



PRO FORMA INCOME STATEMENT

In €m	2014	2015	Change
Revenue	2 499,5	2 579,3	3,2%
Personnel expenses	-1 242,4	-1 319,6	6,2%
Other purchases, external costs, other taxes	-567,9	-579,4	2,0%
EBITDAR	689,2	680,2	-1,3%
<i>% of sales</i>	27,6%	26,4%	
External rents	-332,4	-338,2	1,7%
EBITDA	356,8	342,0	-4,1%
<i>% of sales</i>	14,3%	13,3%	
Other operating expenses and income	-12,4	-39,2	215,3%
Depreciation and amortisation	-109,8	-123,8	12,8%
Operating income	234,6	179,0	-23,7%
<i>% of sales</i>	9,4%	6,9%	
Financial result	-59,6	-65,0	8,9%
Income tax	-67,6	-53,0	-21,5%
Minority interests	-3,3	-2,3	-29,9%
Net profit Group share	104,0	58,7	-43,6%
Current net profit Group share	112,3	85,2	-24,1%

*: restated IFRIC 21



CONSOLIDATED BALANCE SHEET

In €m	31.12.2014	31.12.2015
Non-current Assets	4 618,4	4 883,9
Intangible fixed assets	3 330,9	3 408,3
incl. Goodwills	1 617,6	1 707,3
incl. Other intangible fixed assets	1 713,3	1 701,0
Property, plant and equipment	1 165,5	1 295,6
Long-term financial assets	32,6	31,2
Deferred tax assets	89,5	148,9
Current Assets	617,6	881,0
Inventories	7,4	8,2
Trade receivables and related accounts	142,6	154,2
Other receivables and currents assets	232,0	199,5
Derivative financial assets	0,0	0,2
Cash and cash equivalents	235,5	518,8
Assets held for sales	19,0	0,1
Total Assets	5 255,0	5 765,0
Shareholder's Equity (group share)	1 904,1	1 922,7
Share capital	395,2	397,3
Premiums	916,9	927,2
Reserves & consolidated results	592,0	598,2
Minority interests	-1,5	11,2
Total shareholder's equity	1 902,6	1 933,9
Non-Current Liabilities	2 378,1	2 878,2
Provisions for pensions	46,2	49,6
Deferred taxes	638,3	690,8
Other provisions	55,4	69,3
Borrowings and financial debt	1 638,2	2 068,5
Current Liabilities	961,5	953,0
Provisions for less than one year	12,8	12,7
Trade payables and related accounts	238,7	228,1
Other payables and accruals	608,8	597,0
Borrowings less than one year and overdrafts	77,9	95,2
Derivatives financial liabilities	23,4	19,9
Liabilities held for sale	12,9	0,0
Total Liabilities	5 255,0	5 765,0
<i>Net financial debt</i>	<i>1 473,8</i>	<i>1 644,9</i>



CONSOLIDATED CHANGE IN NET DEBT

In €m	31.12.2015
Cash flow after tax and before cost of net debt	266,1
Change in WCR	-21,1
Operating cash flow	245,0
Maintenance and growth Capex	-140,0
Net financial investments	-53,5
Net interests paid	-51,9
Dividend	-37,4
Net debt impact of changes in perimeter & others	-133,4
Change in Net Debt	-171,2
Opening net debt	1 473,8
Closing Net Debt	1 644,9