



Paris, 25 March 2015

## Korian - Medica successfully merged and improved its operating performance in 2014

- Pro forma <sup>(1)</sup> revenue: €2,499.5 million, in line with targets
- Pro forma EBITDA: €357.6 million (+5.3%)
- Slight increase in *pro forma* profitability at 14.3%
- Pro forma Current Net Profit Group share: €112.8 million, up 21.9%
- A highly internationalised project portfolio of more than 8,400 beds
- 2015 financial targets: revenue close to €2.6 billion and continued growth of earnings

Korian - Medica, a European leader of Ageing Well, today published its results for the 2014 financial year. Due to major changes in scope during the period, in particular with the effective consolidation of Medica as of 1 April 2014, the Group is presenting its *pro forma* and consolidated results<sup>(2)</sup>. The detailed results are presented in the appendix.

### PRO FORMA RESULTS OF KORIAN - MEDICA

In € millions	2013	2014	Change
<b>Revenue</b>	2,413.4	<b>2,499.5</b>	<b>3.6%</b>
<b>EBITDAR <sup>(3)</sup></b>	662.3	<b>690.1</b>	<b>4.2%</b>
<i>as % of revenue</i>	27.4%	<b>27.6%</b>	
External rents	(322.8)	<b>(332.4)</b>	<b>3.0%</b>
<b>EBITDA</b>	339.5	<b>357.6</b>	<b>5.3%</b>
<i>as % of revenue</i>	14.1%	<b>14.3%</b>	
<b>EBIT</b>	230.4	<b>247.9</b>	<b>7.6%</b>
<i>as % of revenue</i>	9.5%	<b>9.9%</b>	
Financial result	(71.4)	<b>(59.6)</b>	<b>-16.5%</b>
<b>Current net profit Group share <sup>(4)</sup></b>	92.5	<b>112.8</b>	<b>21.9%</b>

**CONSOLIDATED RESULTS OF KORIAN - MEDICA**

In € millions	2013	2014	Change
<b>Revenue</b>	1,356.4	<b>2,222.2</b>	<b>63.8%</b>
<b>EBITDAR<sup>(3)</sup></b>	371.5	<b>613.9</b>	<b>65.3%</b>
as % of revenue	27.4%	<b>27.6%</b>	
External rents	(190.3)	<b>(298.8)</b>	<b>57.0%</b>
<b>EBITDA</b>	181.2	<b>315.1</b>	<b>73.9%</b>
as % of revenue	13.4%	<b>14.2%</b>	
<b>EBIT</b>	119.5	<b>216.4</b>	<b>81.1%</b>
as % of revenue	8.8%	<b>9.7%</b>	
<b>Current net profit Group share<sup>(4)</sup></b>	41.5	<b>95.6</b>	<b>130.2%</b>

*The accounts were approved by the Board of Directors of Korian-Medica, which met on 25 March 2015. The financial accounts have been audited. The certification report will be issued after finalization of the procedures required for the purposes of publication of the annual financial report.*

**Sharp growth in Current net profit Group share and increase in profitability**

**2014** Group *pro forma* revenue reached €2,499.5 million for full-year 2014, in line with our objective. The consolidated **revenue** rose significantly for 2014 by nearly 64% to €2,222.2 million.

**EBITDAR** (EBITDA before rent) increased by 4.2% to €690.1 million on a *pro forma* basis. Full-year profitability (EBITDAR as a % of revenue) improved by 20 bp, and reached 27.6%. This increase is the result of an excellent level of activity and cost control. On a consolidated basis, EBITDAR rose by over 65% to €613.9 million and margin is also improving by 20bp to 27.6%.

Pro forma **2014 EBITDA** increased by 5.3% to €357.6 million. Operating profitability stood at 14.3% of revenue, up 20 bp compared with 2013. Rental costs were controlled, and rose 3.0%. The cost/income ratio (Rent/EBITDAR) was 48.2%, in line with the Group's objectives. Consolidated EBITDA stood at €315.14 million, up by 73.9%. The operating margin (EBITDA as a % of revenue) was 14.2% up 80bp compared with 2013.

Pro forma **financial result** improved by 16.5%. It reflects the impact of the restructuring of the Group's debt throughout 2014.

Restated for non-recurring items, **pro forma current net profit Group share** rose sharply by 21.9% to €112.8 million. On a consolidated basis, **2014 current net profit Group share** more than doubled to €95.6 million (+130.2%).

## 2014, a year of successful consolidation – Synergies confirmed

2014 saw the successful integration of Medica and Curanum. The Group's consolidation projects and optimisation measures were rapidly implemented and have been operational since the beginning of 2015. Operational organisations have been rolled out at country level, head offices have been combined and standardised management procedures introduced. The Group identified best practices and is currently rolling them out. The consolidation process was undertaken while maintaining the excellent quality of service provided to our residents and patients in all countries.

This performance is reflected in the steady growth of *pro forma* EBITDAR margin in France and Germany. In Belgium and Italy, profitability was practically stable despite an increase in EBITDAR.

In €m ( <i>pro forma</i> )	Group		France		Germany		Italy		Belgium	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Revenue	2,413.4	2,499.5	1,441.4	1,503.3	461.2	476.2	308.9	312.4	202.0	207.6
EBITDAR	662.3	690.1	401.8	421.7	137.9	143.9	72.7	73.6	49.9	51.0
<b>As % of revenues</b>	<b>27.4%</b>	<b>27.6%</b>	<b>27.9%</b>	<b>28.1%</b>	<b>29.9%</b>	<b>30.2%</b>	<b>23.5%</b>	<b>23.6%</b>	<b>24.7%</b>	<b>24.6%</b>

Thanks to the successful integration process, the Group has been able to confirm the expected synergies. Net synergies generated will be €7.5 million in 2015 and €15 million in 2016. The Group expects to deliver synergies after 2016, amounting to between €20 million and €25 million.

## Controlled debt – High cash flow generation

Korian - Medica's net financial debt at 31 December 2014 amounted to €1,474 million, including real estate debt of €486 million. Restated for this, the debt ratio was 2.9 times EBITDA, which is comfortably below the covenant of 4.5 times.

Korian - Medica is committed to preserving a solid financial structure while optimising its financing conditions in terms of cost, maturity or diversification. Debt restructuring has brought down financing costs, which is reflected in the 16.5% reduction in financial expenses on a *pro forma* basis. The €374.5 million Schuldschein issue, announced in December 2014, extended the average maturity of debt to 5.2 years.

In 2014, Korian - Medica reported €245.1 million net cash flow from operations, €112.8 million of which was allocated to property, plant and equipment and intangible assets. Furthermore, in 2014, Korian - Medica assigned around €100 million for the following: acquisition of minority interests (Curanum, Aetas and Segesta for nearly €38 million), the payment of merger costs (€22 million) and financing operations (€39 million). Despite this cash outflow, with no contribution to EBITDA, the Group maintained its debt ratio. This performance demonstrates Korian - Medica's ability to generate significant cash flows enabling the Group to continue to finance its growth projects.

### Continuation of the development strategy – A portfolio of over 8,400 beds

Since 2006, the Group has posted average annual revenue growth of 22%, demonstrating dynamic growth momentum through a combination of organic growth and successfully integrated acquisitions. During 2014, Korian - Medica reached a new milestone with the integration of Medica, effective as of 1 April 2014, and the finalisation, on 19 December 2014, of the takeover offer for Curanum, which was delisted from the German stock market on 13 February 2015.

To continue its development, the Group has a project portfolio of 8,416 beds, of which 3,892 are new beds. Developments made all along 2014 increased the number of beds to be opened by 20%, with a high proportion outside France, bringing the international portfolio to 63% of the total. These figures do not include any other potential developments.

Number of beds	Group	France	Germany	Italy	Belgium
To be opened	3,892	723	1,680	151	1,338
To be restructured	4,524	2,383	869	1,272	0
<b>Total</b>	<b>8,416</b>	<b>3,106</b>	<b>2,549</b>	<b>1,423</b>	<b>1,338</b>

### A dividend of €0.60 per share proposed

At the next Shareholders' meeting on 25 June 2015, Korian - Medica will propose the payment of a dividend of €0.60 per share, with the option of a share-based payment.

**Yann Coléou, CEO of Korian - Medica, said:** "Against a backdrop of consolidation, Korian - Medica delivered an excellent performance in 2014, characterised by sustained business volumes and a further increase in operating profitability. These results confirm the validity of our growth strategy and our ability to effectively manage a rapidly expanding Group. Boosted by an organisation that is now up and running, our growth will depend primarily on our international expansion, a dimension that is fully integrated into our organisation and reflected in our resolutely international project portfolio.

For 2015, we are expecting revenue in the region of €2.6 billion, a further increase in earnings and a solid operating profitability. We reiterate our revenue target of €3 billion in 2017."

**Next press release: Wednesday 6 May 2015, after close of trading**

**Revenue for the first quarter of 2015**

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## **ABOUT KORIAN – MEDICA**

**Korian – Medica, Europe’s leading Ageing Well specialist**, founded in 2003, has the capacity to accommodate more than 57,500 residents and patients in Europe (France, Germany, Italy and Belgium) and employs around 40,000 staff members. The Group manages nearly 600 facilities in four business lines: nursing homes for the elderly, post-acute and rehabilitation clinics, assisted living facilities and home-care services.

For more information, please visit the website: [www.korian.com](http://www.korian.com)

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**Korian – Medica has been listed on Euronext Paris Compartment B 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 € millions	2013	2014	Change
<b>Revenue</b>	<b>1,356.4</b>	<b>2,222.2</b>	<b>63.8%</b>
Personnel expenses	(652.0)	(1,062.1)	62.9%
Other purchases and external costs	(287.9)	(471.0)	63.6%
Other taxes	(45.2)	(75.1)	66.1%
<b>EBITDAR</b>	<b>371.5</b>	<b>613.9</b>	<b>65.3%</b>
<i>As % of revenue</i>	27.4%	27.6%	
External rents	(190.3)	(298.8)	57.0%
<b>EBITDA</b>	<b>181.2</b>	<b>315.1</b>	<b>73.9%</b>
<i>As % of revenue</i>	13.4%	14.2%	
Profit (loss) on acquisition and disposal of consolidated entities	(5.0)	(1.6)	(68,0)%
Other operating expenses and income	(14.6)	(33.5)	129.4%
Depreciation and amortisation	(61.7)	(98.7)	60.0%
<b>Operating income</b>	<b>99.8</b>	<b>181.2</b>	<b>81.5%</b>
<i>As % of revenue</i>	7.4%	8.2%	
Gross borrowing costs	(29.0)	(43.5)	50.0%
Other financial income and expenses	(15.6)	(30.5)	95.5%
<b>Financial result</b>	<b>(44.7)</b>	<b>(73.9)</b>	<b>65.5%</b>
<b>Profit before tax</b>	<b>55.1</b>	<b>107.2</b>	<b>94.4%</b>
Income tax	(23.8)	(42.8)	79.7%
<b>Net profit</b>	<b>31.4</b>	<b>64.5</b>	<b>105.5%</b>
Minority interests	(2.8)	(3.3)	16.1%
Share of profit of equity affiliates	0.0	0.6	N/S
<b>Net profit Group share</b>	<b>28.6</b>	<b>61.8</b>	<b>116.3%</b>
<b>Current net profit Group share</b>	<b>41.5</b>	<b>95.6</b>	<b>130.2%</b>

**PRO FORMA INCOME STATEMENT**

<b>In € millions</b>	<b>2013</b>	<b>2014</b>	<b>Change</b>
<b>Revenue</b>	<b>2,413.4</b>	<b>2,499.5</b>	<b>3.6%</b>
Personnel expenses	(1,158.2)	(1,186.0)	2.4%
Other purchases, external costs and other taxes	(593.0)	(623.4)	5.1%
<b>EBITDAR</b>	<b>662.3</b>	<b>690.1</b>	<b>4.2%</b>
<i>As % of revenue</i>	27.4%	27.6%	
External rents	(322.8)	(332.4)	3.0%
<b>EBITDA</b>	<b>339.5</b>	<b>357.6</b>	<b>5.3%</b>
<i>As % of revenue</i>	14.1%	14.3%	
Depreciation and amortisation	(109.1)	(109.8)	0.6%
<b>EBIT</b>	<b>230.4</b>	<b>247.9</b>	<b>7.6%</b>
<i>As % of revenue</i>	9.5%	9.9%	
Non-current items	2.1	(12.4)	N/S
<b>operating income</b>	<b>232.5</b>	<b>235.4</b>	<b>1.2%</b>
Financial result	(71.4)	(59.6)	-16.5%
Income tax	(64.0)	(67.9)	6.1%
Minority interests	(3.2)	(3.3)	1.9%
Share of profit of equity affiliates	2.2	0	N/S
<b>Net profit Group share</b>	<b>96.2</b>	<b>104.6</b>	<b>8.8%</b>
<b>Current net profit Group share</b>	<b>92.5</b>	<b>112.8</b>	<b>21.9%</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

In € millions	2013	2014
<b>Non-current assets</b>	<b>2,040.3</b>	<b>4,618.9</b>
Intangible assets	1,400.9	3,330.9
of which goodwill	743.2	1,617.6
of which other intangible assets	657.8	1,713.3
Property, plant and equipment	555.5	1,165.5
Non-current financial assets	13.6	32.6
Shares in associates	12.2	0
Deferred tax assets	58.0	90.0
<b>Current assets</b>	<b>275.8</b>	<b>617.6</b>
Inventories	4.1	7.4
Customers and related accounts	85.6	142.6
Other receivables and current assets	135.2	232.0
Financial instruments - assets	0.0	0.0
Cash and cash equivalents	50.8	235.5
<b>Assets held for sale</b>	<b>0.7</b>	<b>19.0</b>
<b>Total assets</b>	<b>2,316.8</b>	<b>5,255.5</b>
<b>Shareholder's equity Group share</b>	<b>745.9</b>	<b>1,903.1</b>
Share capital	174.2	395.2
Premiums	293.4	916.9
Reserves	249.7	529.1
Consolidated earnings	28.6	61.8
<b>Non-controlling interests</b>	<b>22.5</b>	<b>(1.5)</b>
<b>Equity</b>	<b>768.4</b>	<b>1,901.6</b>
<b>Non-current liabilities</b>	<b>991.1</b>	<b>2,378.0</b>
Provisions for retirement benefits	22.9	46.2
Deferred taxes	241.7	638.3
Other provisions	14.4	55.4
Borrowings	712.1	1,638.2
<b>Current liabilities</b>	<b>557.2</b>	<b>963.0</b>
Provisions due in less than one year	6.2	12.8
Trade payables	133.3	238.7
Other payables and accruals	320.3	610.3
Loans due in less than one year and bank overdrafts	59.3	77.9
Financial instruments - liabilities	38.0	23.4
<b>Assets held for sale</b>	<b>0.0</b>	<b>12.9</b>
<b>Total liabilities</b>	<b>2,316.8</b>	<b>5,255.5</b>
<i>Net financial debt</i>	713	1,474



**CONSOLIDATED STATEMENT OF CASH FLOW**

In € millions	2013	2014
Cash flow after cost of net debt	86.0	<b>169.3</b>
Cash flow before cost of net debt	134.2	<b>236.7</b>
Change in working capital requirements	(15.3)	<b>8.4</b>
Net cash flow from/(used in) operating activities	118.9	<b>245.1</b>
Net cash from/(used in) investing activities	(64.7)	<b>(131.6)</b>
Net cash flow	54.2	<b>113.5</b>
Net cash from/(used in) financing activities	(165.9)	<b>70.3</b>
Change in cash position	(111.7)	<b>183.8</b>
Cash and cash equivalents	46.1	<b>228.8</b>

(1) The Korian – Medica *pro forma* financial statements are based on the following assumptions:

- takeover of the Curanum Group by Korian on 1 January 2013;
- takeover of Senior Living Group by Medica on 1 January 2013;
- sale of Korian's psychiatry division before 1 January 2013;
- merger of the Korian and Medica groups on 1 January 2013;
- full consolidation of Kinetika on 1 January 2013. Kinetika was partially consolidated (28%) in 2013 and in the first half of 2014;
- expenses in 2013 and 2014 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.

(2) Consolidated financial statements: Consolidation of the Medica scope as of 1 April 2014. Following a change to the IFRS accounting standards and the removal of proportional consolidation, the inclusion of 28% of Kinetika Sardegna's revenues was cancelled for 2013 (- €14.6 million).

(3) EBITDAR is the interim management balance sheet measurement preferred by the Korian - Medica Group to monitor the performance of its facilities. It consists of gross operating surplus of operating sectors before rental expenses.

(4) Current net profit (loss) attributable to owners of the Group is defined as profit (loss) attributable to owners of the Group – (other operating income and expenses + other financial income and charges + 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.