



Paris, June 28th, 2017

Korian launches an offering of unsubordinated undated bonds convertible into new shares and/or exchangeable for existing shares (ODIRNANE) for an amount of approximately € 200 million

Korian (the "**Company**"), the European leader in care and support services for the elderly, launches today an offering of undated unsubordinated unsecured bonds convertible into new shares and/or exchangeable for existing shares (*Obligations à Durée Indéterminée à option de Remboursement en Numéraire et/ou en Actions Nouvelles et/ou Existantes - ODIRNANE*) (the "**Bonds**"), without preferential subscription rights, for a nominal amount of approximately € 200 million.

The issue of the Bonds aims at funding general corporate purposes of the Company and strengthening the Company's balance sheet structure.

The Company also announces that it will sign today an issue of an undated hybrid unlisted bond to an investor (the "**Hybrid Instrument**"). The Hybrid Instrument will not give access at any time to the Company's shares and will also aim at strengthening its balance sheet structure. The total amount of the Bonds and the Hybrid Instrument will stand at approximately € 300 million.

The Bonds will be issued at par and their nominal value will represent a conversion premium comprised between 30.0% and 35.0% over the Company's reference share price¹.

The holders of the Bonds (the "**Bondholders**") will be granted a conversion/exchange right of the Bonds into new and/or existing Korian's shares with an initial conversion/exchange ratio of one share per Bond, subject to future adjustments.

The final terms of the Bonds are expected to be determined today on June 28th, 2017 and the settlement date of the Bonds is expected to take place on July 3rd, 2017.

¹ The reference share price will be equal to the volume-weighted average trading price (VWAP) of Korian's shares on the regulated market of Euronext in Paris ("**Euronext Paris**") as from the opening of trading on June 28th, 2017 until the final terms and conditions of the Bonds are determined on the same day.

Interests

From the issue date until December 31st, 2022, the Bonds will bear interest at a nominal annual rate comprised between 2.50% and 3.25% payable semi-annually in arrear on January 1st and July 1st of each year (each, an "**Interest Payment Date**"), and for the first time on January 1st, 2018, subject to any interest payment suspension.

From January 1st, 2023, the Bonds will bear interest at a rate expressed on an annual basis equal to the 6-month Euribor rate increased by 900 basis points, payable semi-annually in arrear on each Interest Payment Date and, as the case may be, for the first time on July 1st, 2023, subject to any interest payment suspension.

In the event of a change of control, the annual rate for the fixed coupon or the floating rate coupon, as the case may be, will be increased by 500 basis points.

On any Interest Payment Date, the Company may decide, subject to certain conditions, to suspend payment of interest in respect of the Bonds for the relevant interest period, subject to having notified Bondholders at least 15 calendar days prior to the relevant Interest Payment Date if, during the 12-month period preceding such Interest Payment Date, no payment of a dividend or interim dividend in respect of the Korian's shares has been decided or paid (an "**Optional Interest Payment Date**"). All interest in respect of the Bonds that is not paid at an Optional Interest Payment Date will constitute "**Deferred Interest**", as defined below.

Any amount of Deferred Interest will bear interest (to the full extent permitted by law) from the interest payment suspension date for any period exceeding 12 months at the interest rate applicable to the Bonds at the relevant period. The amount of accrued interest (the "**Additional Interest**") in respect of Deferred Interest will become due and payable in the same manner as Deferred Interest.

Deferred Interest (as well as the corresponding amount of Additional Interest) may be paid in full or in part at any time at the Company's option, but all Deferred Interest (as well as the corresponding amount of Additional Interest) in respect of all the Bonds will become payable in full in specific cases, including if the Company decides the payment of a dividend or of an interim dividend or upon redemption of all outstanding Bonds.

Redemption of the Bonds

The Bonds are undated, subject to cases of early redemption at the Company's option, and will only be repayable in the event of the liquidation of the Company or upon the expiry of the term indicated in the Company's by-laws (unless extended in accordance with applicable legislation).

The Company may, at its option proceed with early redemption of all, but not some, of the Bonds at par plus accrued interest, Deferred Interest and, as the case may be, Additional Interest (the "**Early Redemption Price**");

- for the first time on January 1st, 2023, and then on each Interest Payment Date;
- in case of a change of control;
- from January 29th, 2021 until January 1st, 2023, if the arithmetic average, calculated over any period of 20 consecutive trading days falling within any period of 40 consecutive trading days preceding the publication of the early redemption notice, of the daily products of the Company's closing trading share price on Euronext Paris and the conversion/exchange ratio in effect on each trading day during such period exceeds 130% of the nominal value of the Bonds;
- and if the total number of the Bonds outstanding is less than 10% of the number of Bonds originally issued.

Conversion/Exchange rights

Bondholders may exercise their conversion/exchange right at any time from the issue date (inclusive) until the 18th trading day (exclusive) preceding the first of the two following dates: January 1st, 2023, or, as the case may be, the date set for any early redemption.

Upon exercise of their conversion/exchange right, Bondholders will receive, at the option of the Company, either an amount in cash, or a combination of cash and new and/or existing Korian shares, or only new and/or existing shares.

The number of new and/or existing shares to be delivered to the Bondholders, as the case may be, will depend on the conversion/exchange ratio of the Bonds, which will be adjusted in certain customary cases for this type of securities, including in case of any dividend payment by the Company. For the avoidance of doubt, there will be no adjustment for the € 0.60 dividend per share detached from the Share on June 28th, 2017 and to be paid on July 21st, 2017.

For illustrative purpose, when considering an offering of Bonds for a maximum amount of approximately € 200 million, a nominal value of € 30.965 per Bond (calculated on the basis of a reference share price corresponding to a € 31.565 closing share price on June 27th, 2017, restated for the € 0.60 dividend per share² and a 32.50% conversion premium corresponding to the issue premium mid-range), dilution would approximately represent 6.08% of the outstanding share capital, should the Company decide to exclusively deliver new shares upon conversion.

Placement and offer

The placement will be conducted in accordance with Article L.411-2 II of the French Monetary and Financial Code (*Code monétaire et financier*), as per the authorization granted by the Company's extraordinary general meeting held on June 22nd, 2017 (20th resolution), through a private placement in France and/or outside France (excluding the United States of America, Canada, Australia and Japan).

² The ex-dividend date on Euronext Paris is scheduled to be June 28th, 2017.

An application will be made for admission of the Bonds to trading on the open market ("*Euronext Access*") of Euronext in Paris within one month following the issue date.

In the context of the offering, the Company will agree to a lock-up undertaking ending 90 calendar days following the issue date of the Bonds, subject to certain exceptions.

Crédit Agricole CIB is acting as Sole Global Coordinator, Joint Lead Manager and Joint Bookrunner. Société Générale Corporate & Investment Banking is acting as Joint Lead Manager and Joint Bookrunner.

Public information

The offering of the Bonds is not subject to a prospectus approved by the French Financial Market Authority (*Autorité des marchés financiers*) (the "**AMF**"). Detailed information about Korian, including its business, results, perspectives and related risk factors are described in the Company's reference document filed with the AMF on April 26th, 2017 under number D.17-0432, which is available together with all the press releases and other regulated information about the Company, on the Company's website (www.korian.com).

Korian draws the public's attention to the risk factors presented on pages 46 to 53 of the reference document.

This press release does not constitute or form part of any offer or solicitation to purchase or subscribe for or to sell securities and the offering of the Bonds is not a public offering in any jurisdiction including France.

ABOUT KORIAN

Korian, the expert in providing care and support services for seniors, with 715 facilities, operates Europe's largest network of long-term care nursing homes, specialised clinics, assisted-living facilities, home care and hospital home care services. At the end of December 2016, the Korian group has the capacity to accommodate around 72,000 beds in four countries (France, Germany, Belgium and Italy) and employs around 47,000 people.

For more information, please visit our website at www.korian.com

Korian has been listed on Euronext Paris Compartment A since November 2006 and is a component of 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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This press release may not be published, distributed or released directly or indirectly in the United States of America, Canada, Australia or Japan.

No communication or information relating to the issuance by Korian of the Bonds may be transmitted to the public in a country where there is a registration obligation or where an approval is required. No action has been or will be taken in any country in which such registration or approval would be required. The issuance or the subscription of the Bonds may be subject to specific legal and regulatory restrictions in certain jurisdictions; Korian assumes no liability in connection with the breach by any person of such restrictions.

This press release is an advertisement and not a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 as amended, as implemented in each member state of the European Economic Area (the "**Prospectus Directive**").

This press release does not, and shall not, in any circumstances, constitute an offer to the public, an offer to subscribe or designed to solicit interest for purposes of an offer to the public in any jurisdiction, including France.

The Bonds will be offered only by way of a private placement in France and outside France (excluding the United States of America, Canada, Australia and Japan) to persons referred to in Article L.411-2-II of the French monetary and financial code (*Code Monétaire et Financier*), without an offer to the public in any country (including France).

European Economic Area

With respect to the Member States of the European Economic Area which have implemented the Prospectus Directive (the "**Relevant Member States**"), no action has been undertaken or will be undertaken to make an offer to the public of the Bonds requiring a publication of a prospectus in any Relevant Member State. As a result, the Bonds may only be offered in Relevant Member States:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive

and provided that none of the offers mentioned in paragraphs (a) to (c) above require the Company or any institution in charge of the placement to publish a prospectus in accordance with the provisions of the Article 3 of the Prospectus

Directive or a supplement to the prospectus in accordance with the provisions of the Article 16 of the Prospectus Directive.

For the purposes of this paragraph, (i) the expression "**offer to the public of Bonds**" in any Relevant Member States, means any communication, to individuals or legal entities, in any form and by any means, of sufficient information on the terms and conditions of the offering and on the Bonds to be offered, thereby enabling an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Member State.

These selling restrictions with respect to Member States apply in addition to any other selling restrictions which may be applicable in the Member States who have implemented the Prospectus Directive.

France

The Bonds have not been and will not be offered or sold or cause to be offered or sold, directly or indirectly, to the public in France. Any offer or sale of the Bonds and distribution of any offering material relating to the Bonds have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) or a limited circle of investors provided that such investors act for their own account, as defined in, and in accordance with, Articles L. 411-2 and D.411-1 of the French monetary and financial code (*Code Monétaire et Financier*).

United Kingdom

This press release is addressed only (i) to persons located outside the United Kingdom, (ii) to investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (iii) to people designated by Article 49(2) (a) to (d) of the Order or (iv) to any other person to whom this press release could be addressed pursuant to applicable law (the persons mentioned in paragraphs (i), (ii), (iii) and (iv) all deemed relevant persons ("**Relevant Persons**"). The Bonds and, if applicable, the Korian's shares to be delivered upon exercise of the conversion/exchange right (the "**Financial Instruments**") are intended only for Relevant Persons and any invitation, offer of contract related to the subscription, tender, or acquisition of the Financial Instruments may be addressed and/or concluded only with Relevant Persons. All persons other than Relevant Persons must abstain from using or relying on this document and all information contained therein.

This press release is not a prospectus which has been approved by the Financial Services Authority or any other United Kingdom regulatory authority for the purposes of Section 85 of the Order.

United States of America

This press release may not be published, distributed or transmitted in the United States of America (including its territories and dependencies, any State of the United States of America and the district of Columbia). This press release does not constitute or form a part of any offer or solicitation to purchase the Bonds or any other financial securities in the United States of America. The Bonds and, if applicable, the Korian's shares to be delivered upon exercise of the conversion/exchange right, have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), the law of any state of the United States of America and may not be offered or sold in the United States of America, except in accordance with an exemption from, or a transaction not subject to, the registration requirements of the Securities Act or the law of the above states. The Bonds will be offered or sold only outside of the United States of America in offshore transactions, in accordance with Regulation S of the Securities Act. Korian does not intend to register all or any portion of the proposed offering in the United States of America or to conduct a public offering in the United States of America.

Canada, Australia and Japan

The Bonds have not been offered or sold and may not be offered, sold or purchased in Canada, Australia or Japan. The information contained in this press release does not constitute an offer of securities for sale in Canada, Australia or Japan.

The distribution of this press release in certain countries may constitute a breach of applicable law. Accordingly, persons physically located in those countries, in which this press release is distributed or published, must inform themselves about and comply with such laws or regulations.

Crédit Agricole CIB and Société Générale Corporate & Investment Banking are acting on behalf of Korian exclusively in connection with the issuance of the Bonds and will not regard any other person as their client nor will they be responsible to any other person for providing the protections afforded to any of their clients or for providing advice in connection with any other share of bond offering or regarding the content of this press release or any transaction, arrangement or other matters referred to herein.