



## Q2 2022 Revenue & Half Year Results

**Transformation plan and investment in HR supporting sustainable, resilient performance with solid organic growth of 5.3% and an almost stable EBITDA margin of 12.7%**

### Development of mental health with the acquisition of Grupo 5 in Spain

Paris, 28<sup>th</sup> July 2022 – Korian, the leading European care and support services group for the elderly and fragile, announces its 2<sup>nd</sup> quarter revenue and half year results for 2022.

Sophie Boissard, Korian Group Chief Executive Officer, stated: "Korian community has once again demonstrated resilience and commitment to provide high quality of care to fragile people at their home or in our facilities in an unstable environment. In a scarce labour market environment and according to our ESG roadmap, we have been more than ever focusing on developing education programmes, now enabling us to cover half of our recruitment requirements and we are continuing to reinforce our staff ratios to ensure care quality. We benefit from the strong involvement of our employees in the transformation of our company, through active social dialogue at all levels and now through dedicated employee shareholding structure, which allows us to pursue that repositioning of our Group and its transformation to become a purpose drive company, dedicated to the prevention and care for fragile people in their communities."

- **Main 2022 ESG commitments well on track:**

- HR policies
  - Education: c.4,800 employees integrated in education programmes to date (i.e. 80% of the FY 2022 target of 10% employees)
  - Retention and loyalty: Average tenure progressing at 7.4 years (+10bp since June 2021) and average staff ratio in long term care (resident / staff) strengthened at 0.7
  - Fair compensation: salary agreements signed in France and Germany, to support attractive compensation and benefit policies
  - Health & Safety: work related accidents frequency rate decreasing to 45 (vs 48 in FY2021), in line with FY 2022 target of 45
  - Employee participation: success of the first Employee shareholding scheme, Korus, with 9,250 employees (15%) owning 2.5 % of the Company's shares through a specific shareholding fund
- Quality of care :
  - ISO 9001 certification programme on track, with 30% of the facilities already certified to date and 50% to be certified by end of 2022



- Transparency: key quality-related metrics available for 100% of nursing homes in France on [www.korian.fr](http://www.korian.fr)
- **Revenue of €2,224 million, growing by 5.5% versus 2021**
  - Second quarter revenue €1,130.1m, up 3.7% on June 2021 and growing 3.8% organically
  - Solid organic growth of 5.3% mainly driven by volume effect on core network whilst compensation funding running off, impact of - 2.2% versus 2021
  - 67 nursing home facilities sold or closed in the last 12 months ; impact of -3.5% on reported growth
- **Portfolio of activities: modernization and acceleration of the diversification**
  - **Long term care:** pursuit of modernisation and specialisation plan for 350 facilities by 2025 (c. 50% of the network), with 150 projects already finalised and sale or closure of 67 facilities (c. 8% of the network)
  - **Community Care:** opening of 57 new Community care residences with 1,244 beds over the last 12 months and the opening of 42 new Petit-Fils agencies (total of 234 agencies)over the same period
  - Second Ages&Vie community care development programme: new investment of €400 million to be rolled out through the partnership between the Banque des Territoires, Crédit Agricole and Korian.
  - **Healthcare:** Opening of 14 new clinics or extensions over the last 12 months and 30 projects in the pipeline, 2 targeted acquisitions in Italy, ambulatory capacity rising by 17% with a total healthcare network of 173 facilities in operation
  - Healthcare activities now representing 25% of Group revenue (+2 points versus 2021) and 75% of people cared for
- **Resilient EBITDA of €283.0 million pre IFRS 16 and € 491.1 million post IFRS 16 representing a margin rate of 12.7% and 22.1% respectively**
  - EBITDA margin rates reduced by 40 and 30 bps, pre and post IFRS 16 respectively, notably reflecting time lag between the salary repositioning and inflation of costs and the consequential rise in tariffs postponed to September in Germany
  - Impact of compensation and staff ratio repositioning : staff costs now representing 60.0% of revenues up 90 basis points since June 2021
  - Other cost increase contained and in line with revenue thanks to proactive procurement pan-European contract management
- **Operational Free Cash flow progressing significantly to reach € 81.5 million**
  - Solid balance sheet maintained with operational leverage of 3.6x (of which 10bp linked to Korus - employee shareholding programme finalized in July)
- **Signature of an agreement to acquire Grupo 5, specialised mental health provider in Spain**
  - High quality platform with 62 specialized facilities and care communities with 2,183 beds and 1,995 outpatient places across Spain with strong presence in Madrid, with c. €90m of expected revenue in 2022 and an embedded growth of 10% CAGR over the next 5 years



- Strong complementarity with Ita Salud Mental acquired in 2021
- Spain revenue will reach c.€220m in 2023, with healthcare activities to represent 65%
- Korian's mental health activities will represent c.€330m in 2023 (France, Spain, Italy)
- **Current trading** : occupancy rate in long term care network presently at 87% (+c.150 bps since June 2021) with c. 3,000 new beds starting operations in the last 18 months
- **2022 guidance updated: organic growth around 6% and EBITDA margin stable compared to 2021**

## APPENDICES

### Quarterly Revenue

#### 1st quarter

Country	Revenue (€m)		Reported growth	Organic growth
	Q1 2022	Q1 2021	Variation %	
France, Spain, UK*	543.0	510.8	6.3%	7.2%
Germany	269.4	259.3	3.9%	3.8%
Benelux**	153.2	143.4	6.9%	8.9%
Italy	128.4	104.7	22.6%	11.2%
<b>Total</b>	<b>1,093.9</b>	<b>1,018.2</b>	<b>7.4%</b>	<b>7.0%</b>

\* Including Spain for €23.9m in Q1 2022 vs €7.8m in Q1 2021, and United-Kingdom for €8.7m in Q1 2022 and €1.8m in Q1 2021

\*\* Including Belgium for €130.5m in Q1 2022 vs €125.2m in Q1 2021, and Netherlands for €22.6m in Q1 2022 vs €18.2m in Q1 2021

#### 2ème quarter

Country	Revenue (€m)		Reported growth	Organic growth
	Q2 2022	Q2 2021	Variation %	
France, Spain, UK*	557.8	561.1	(0.6%)	1.3%
Germany	262.2	266.3	(1.6%)	1.6%
Benelux**	164.8	144.9	13.8%	15.8%
Italy	145.2	117.0	24.1%	5.2%
<b>Total</b>	<b>1,130.1</b>	<b>1,089.3</b>	<b>3.7%</b>	<b>3.8%</b>

\* Including Spain for €24.5m in Q2 2022 vs €12.5m in Q2 2021, and United-Kingdom for €10.8m in Q2 2022 and €5.9m in Q2 2021

\*\* Including Belgium for €140.4m in Q2 2022 vs €125.0m in Q2 2021, and Netherlands for €24.4m in Q2 2022 vs €19.9m in Q2 2021



**1<sup>st</sup> half year**

<b>Country</b>	<b>Revenue (€m)</b>		<b>Reported growth</b>	<b>Organic growth</b>
	<b>H1 2022</b>	<b>H1 2021</b>	<b>Variation %</b>	
France, Spain, UK*	1,100.8	1,071.9	2.7%	4.1%
Germany	531.6	525.7	1.1%	2.7%
Benelux**	318.0	288.2	10.3%	12.4%
Italy	273.6	221.7	23.4%	8.1%
<b>Total</b>	<b>2,224.0</b>	<b>2,107.5</b>	<b>5.5%</b>	<b>5.3%</b>

\* Including Spain for €48.4m in H1 2022 vs €20.3m in H1 2021, and United-Kingdom for €19.4m in H1 2022 and €7.7m in H1 2021

\*\* Including Belgium for €270.9m in H1 2022 vs €250.1m in H1 2022, and Netherlands for €47.1m in H1 2022 vs €38.1m in H1 2021



## Group income statement

€m	<b>H1 2022</b> Incl. IFRS 16	IFRS 16 adjustments	<b>H1 2022</b> Excl. IFRS 16	<b>H1 2021</b> Excl. IFRS 16	Δ
<b>Revenue</b>	<b>2,224.0</b>	-	<b>2,224.0</b>	<b>2,107.5</b>	<b>116.5</b>
<i>Growth%</i>	5.5%	-	5.5%	12.3%	-680 bps
Staff costs	(1,333.4)	-	(1,333.4)	(1,245.9)	(87.5)
<i>% of revenue</i>	60.0%	-	60.0%	59.1%	+90 bps
Other costs	(364.6)	2.1	(362.6)	(343.6)	(19.0)
<i>% of revenue</i>	16.4%	-	16.3%	16.3%	-
<b>EBITDAR</b>	<b>525.9</b>	<b>2.1</b>	<b>528.0</b>	<b>517.9</b>	<b>10.0</b>
<i>% of revenue</i>	23.6%	-	23.7%	24.6%	-90 bps
External rents	(34.8)	(210.1)	(244.9)	(242.4)	(2.5)
<i>% of revenue</i>	1.6%	-	11.0%	11.5%	-50 bps
<b>EBITDA</b>	<b>491.1</b>	<b>(208.0)</b>	<b>283.0</b>	<b>275.5</b>	<b>7.5</b>
<i>% of revenue</i>	22.1%	-	12.7%	13.1%	-40 bps
Amortisation & Depreciations	(304.6)	184.0	(120.6)	(111.5)	(9.1)
Provisions	(17.6)	-	(17.6)	(18.4)	0.8
<b>EBIT</b>	<b>168.9</b>	<b>(24.0)</b>	<b>144.9</b>	<b>145.6</b>	<b>(0.8)</b>
<i>% of revenue</i>	7.6%	-	6.5%	6.9%	-40 bps
Non current expenses	(37.9)	-	(37.9)	(27.1)	(10.8)
<b>Operating income</b>	<b>131.0</b>	<b>(24.0)</b>	<b>107.0</b>	<b>118.6</b>	<b>(11.6)</b>
<i>% of revenue</i>	5.9%	-	4.8%	5.6%	-80 bps
Financial result	(104.2)	34.8	(69.4)	(66.6)	(2.7)
<b>Net income before tax</b>	<b>26.8</b>	<b>10.8</b>	<b>37.6</b>	<b>51.9</b>	<b>(14.3)</b>
Income tax	(6.3)	(2.0)	(8.3)	5.2	(13.5)
<i>Tax rate</i>	23.4%	18.7%	22.1%	(9.9%)	+3200 bps
Income from equity method	(0.8)	-	(0.8)	(0.8)	0.0
Minority Interests	(6.9)	-	(6.9)	(12.6)	5.7
<b>Net profit - Group share</b>	<b>12.9</b>	<b>8.8</b>	<b>21.7</b>	<b>43.7</b>	<b>(22.0)</b>
<i>% of revenue</i>	0.6%	-	1.0%	2.1%	-110 bps



## Group cash flow statement

M€	H1 2022	IFRS 16 impact	H1 2022	H1 2021	Δ
	Incl. IFRS 16		Excl. IFRS 16	Excl. IFRS 16	
EBITDA	491.1	208.0	283.0	275.5	3%
Non cash & others	(26.7)	9.4	(36.1)	(11.4)	
Change in WC	(43.5)	1.4	(44.8)	(139.6)	
Operating Capex	(49.1)	-	(49.1)	(37.6)	
<b>Operating cash flow</b>	<b>371.8</b>	<b>218.8</b>	<b>153.0</b>	<b>86.8</b>	<b>76%</b>
Income tax paid	(11.7)	-	(11.7)	(12.6)	
Financial expenses paid/received	(94.4)	(34.6)	(59.9)	(58.0)	
<b>Free cash flow</b>	<b>265.7</b>	<b>184.2</b>	<b>81.5</b>	<b>16.2</b>	<b>404%</b>
Development Capex	(86.0)	-	(86.0)	(84.0)	
Financial investments (bolt-on acquisitions)	(138.5)	-	(138.5)	(236.6)	
<b>Net Free cash flow</b>	<b>41.3</b>	<b>184.2</b>	<b>(143.0)</b>	<b>(304.4)</b>	
Real estate investments / divestments	(166.3)	-	(166.3)	(242.0)	
Partnership Real Estate	(3.0)	-	(3.0)	219.0	
Other net debt	(242.0)	(203.3)	(38.7)	(5.4)	
<b>Net debt variation</b>	<b>(370.0)</b>	<b>(19.1)</b>	<b>(351.0)</b>	<b>(332.7)</b>	



**Next Events:**

**Q3 Revenue: 27<sup>th</sup> October 2022**

**About Korian**

Korian, the leading European care services group for elderly and fragile people. [www.korian.com](http://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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