



Press Release

Nantes, 18 September 2024 at 6pm

Results for the 1st half-year 2024

LNA Santé, a company with a mission, strengthened by its unique characteristics

Sustained business growth

Operating sales: €386.3m, of which +5.7% organically adjusted
Occupation on the rise in all sectors

Strong resilience of results in a difficult environment

linked in particular to the impact of the reform of SMR pricing

Operating EBITDA: €72.0m, +1.1%.

Net operating profit: €15.0m, +5.1

Solid net operating margin: 3.9%.

Sound control of debt

Free cash flow from operations : €19.0m, +€0.2m

Improved operating leverage: 1.7x

Liquid assets¹ : €170m, to finance development and meet healthcare challenges

Confirmation of the 2024 outlook

Adjusted organic growth of +5.0

Maintaining the objective of stable results in 2024

Dynamics of the Brighter Futures project 3

Edition of the 1st mission report

Concrete action on issues such as carers, teams, decarbonisation, etc.

¹ Cash and cash equivalents comprise gross cash and cash equivalents plus confirmed but undrawn RCF lines.



"In the first half of 2024, LNA Santé's performance was underpinned by the momentum of the Growing Together 3 project, with sustained growth in business and the maintenance of a solid level of earnings from a diversified portfolio of activities.

This interim situation arises in a complex pricing environment marked by the introduction of the new pricing reform for RC clinics, the effects of which run counter to the challenge of combining quality of care and medico-economic balance as promoted by the public authorities.

LNA Santé's ability to maintain solid fundamentals is the result of many years of effort to offer our patients and residents a recognised quality service, with high medical technology and comfortable accommodation. This is what motivates our 9,000 professionals, who are the bearers of our DNA as a company with a mission, and illustrates our commitment to "caring and taking care".

In this respect, we are particularly proud of the fact that we have maintained and increased our high level of activity in all areas of our business. More than any other indicator, this crystallises the essential satisfaction of our patients and residents. We will continue to live up to their trust.

Willy Siret - Managing Director

RESULTS FOR THE 1ST HALF-YEAR 2024

The Board of Directors of LNA Santé, a global healthcare player and company with a mission, meeting on 17 September 2024 under the chairmanship of Jean-Paul Siret, approved the interim financial statements for 2024.

Robust and improving financial indicators

IFRS In €m	OPERATIONS			GROUP OPERATIONS + REAL ESTATE		
	H1 2024	H1 2023	Var.	H1 2024	H1 2023	Var.
Sales figures	386.3	357.1	+8.2%	389.6	363.7	+7.1%
EBITDA	72.0	71.2	+1.1%	75.0	73.4	+2.2%
<i>as % of sales</i>	<i>18.6%</i>	<i>19.9%</i>	<i>- 130 bp</i>	<i>19.3%</i>	<i>20.2%</i>	<i>-93 bp</i>
EBITDA excluding IFRS 16	34.6	35.5	- 2.6%	38.9	39.0	- 0.2%
<i>EBITDA excluding IFRS 16 as % of sales</i>	<i>8.9%</i>	<i>9.9%</i>	<i>- 99 bp</i>	<i>10.0%</i>	<i>10.7%</i>	<i>- 74 bp</i>
EBIT (Current operating income)	32.5	31.9	+ 1.9%	33.3	32.2	+ 3.5%
<i>as % of sales</i>	<i>8.4%</i>	<i>8.9%</i>	<i>- 52 bp</i>	<i>8.6%</i>	<i>8.9%</i>	<i>- 30 bp</i>
Operating profit	32.2	31.0	+ 3.9%	33.1	31.5	+ 5.2%
Financial result	- 10.0	- 9.5	+ 5.5%	- 13.6	- 12.7	+ 7.2%
Profit before tax	22.2	21.5	+ 3.2%	19.5	18.8	+ 3.8%
Group net profit	15.0	14.3	+ 5.1%	12.4	11.9	+ 3.6 %
<i>as % of sales</i>	<i>3.9%</i>	<i>4.0%</i>	<i>- 12 bp</i>	<i>3.2%</i>	<i>3.3%</i>	<i>- 11 bp</i>

Data under limited review by the statutory auditors

Good business trend driven by high occupancy levels

In the first half of 2024, operating sales rose by 8.2% on a reported basis to **€386.3m**. Adjusted growth was **6.1%**, after neutralising the impact of the reclassification of financing for social measures under Ségur 1 & 2 and Rider 32, which concerns only RC clinics. This growth breaks down into **5.7% adjusted organic growth** and 0.3% external growth.

The good dynamic of activity demonstrates the relevance of LNA Santé's offer, which best meets the expectations of the residents of its nursing homes and the high quality care requirements of its specialised clinics and home hospitalisation establishments. This is reflected in high occupancy levels throughout its network, particularly in its nursing homes, making LNA Santé's nursing homes among the most active and open in their area.

Activity levels at 30 June 2024 for each type of facility are as follows :

Level of activity	H1 2024	H1 2023	Var.
Occupancy rate - Medical-social			
Nursing home in France	94.0%	93.7%	+ 0.3 pts
Nursing home in Belgium	92.5%	90.3%	+ 2.2 pts
Number of patients - Healthcare			
Hospitalisation at Home	1,002	856	+17%
RC/PSY France (in day hospital)	1,059	974	+9%
RC/PSY France (full hospitalisation)	2,362	2,350	+0%

Occupancy rate: as a percentage of rooms available for sale in nursing homes
Number of patients: average number of patients seen per day across all facilities.

Overall, the continued high and rising level of activity illustrates the relevance of our offerings and the solid local roots of each establishment.

In summary, **operating revenues** of **€386.3m** can be analysed as follows:

- Revenue from nursing homes (**Medico-Social France**) came to **€150.4m**, up 6.9% on a purely **organic basis**, mainly due to the impact of higher accommodation charges;
- The **French Healthcare** business grew by 9.1% on a reported basis, to **€213.4m**. On **an organic basis, adjusted** to exclude the effects of the reclassification of Ségur 1 & 2 and Rider 32 social measures, growth came to 4.7%, driven mainly by higher volumes in outpatient and home care services ;
- The **International Business** sector posted sales of **€19.0m** in the first half of 2024, with steady growth since the start of the year, particularly in Belgium ;
- The balance of €3.5m corresponds to other activities.

For several months, the property business has been at the bottom of the cycle due to a lower volume of marketable properties as part of the plan to transform LNA Santé's portfolio. As a result, property sales came to €3.3m, down by half compared with the first half of 2023. The recent relaunch of marketing programmes, effective since the beginning of 2024, in particular with the Pôle de Santé de Meaux (NH and tranche 2 RC), should mark the return of more dynamic activity by the end of 2024.

Solid results against a backdrop of price deflation in RC clinics

In an environment marked by higher inflation and interest rates than in the past, and in the face of unfavourable developments in the new pricing reform for RC clinics, LNA Santé has managed to keep its results stable. Drawing on its unique characteristics and humanist culture, the company is committed to continuously improving the quality of its services and support for vulnerable people. Thanks to the attractiveness of its services and the involvement of its stakeholders in the Grandir Ensemble #3 strategic project, the company has been able to absorb some of the pressure on prices and price cuts. As a result, the significant increase in sales has enabled the company to deliver a solid operating performance.

Consolidated **EBITDA** rose by 2.2% to **€75.0m** in the first half of 2024, giving a margin of 19.3%, slightly down by 0.9 points on the same period last year.

The margin breaks down as follows:

- **Medico-Social France**, up 1.4 points to **25.7%** of sales, due to the effects of the pricing campaign and the rise in occupancy rates,
- **Healthcare France**, at **15.1%** of sales, down 2.5 points. In rehabilitation (as in psychiatry), the reform of the RC pricing system is unduly undervaluing the value of specialised services, without any medical or economic justification. This has led to a dilution of the EBITDA margin by 3.0 points compared with the first half of 2023. In home hospitalisation, the margin fell by 1.6 points year-on-year due to the need to increase medical expertise to support the extension of territorial coverage and specialities,
- **International Business Line**, at **17.0%**, up 2.2 points, thanks to rate indexations in Belgium.

Overall, the **EBITDA** margin for sites **operating at full capacity** fell by a limited 0.5 point to **21.3%** of sales, compared with 21.8% last year, mainly due to the effects of the RC tariff reform.

Excluding IFRS 16 (after deducting rental income), the Operating **EBITDA** margin was **8.9%**, down 1 point. The **EBITDA** margin before IFRS 16 for establishments **operating at full capacity** remained stable year on year, at a solid **10.9%**, despite the effects of the regulatory changes described above.

EBIT (earnings before interest, taxes, depreciation and amortisation) was **€33.3m** at mid-year, up 3.5% year-on-year, giving a solid margin of **8.6%**.

After deducting non-recurring costs, operating profit for the first half of 2024 was **€33.1m**, up 5.2% on the first half of 2023. Operating income was €32.2m and property income €0.9m.

Total interest expense remained well under control at €13.6m in the first half of 2024 compared with €12.7m in the first half of 2023, an increase of 7.2% below the growth in business. This change is due to the rise in money-market rates, which is more marked in the short-maturity property business, where outstanding debt is slightly higher than at 31 December 2023.

The effective tax rate was 30.8%, compared with 34.3% last year. This change is due in particular to the reduction in the CVAE rate.

Net profit, Group share, rose by 3.6% to **€12.4m**, giving a net margin of **3.2%**, virtually unchanged from the same period last year. Net profit from operations, Group share, rose by a more significant 5.1% (or €0.7m) to **15.0m** at 30 June 2024, giving a net margin of **3.9%**, in line with guidance.

A solid, low-debt financial structure

IFRS In €m	OPERATIONS		GROUP OPERATIONS + REAL ESTATE	
	H1 2024	H1 2023	H1 2024	H1 2023
Total shareholders' equity	338.2	327.8	316.2	308.5
Deferred tax liabilities	86.0	82.4	85.2	82.0
OWN FUNDS	424.2	410.2	401.4	390.5
Net debt excluding cash	187.9	200.6	440.0	444.0
Cash and cash equivalents	-66.7	-75.2	-70.1	-77.2
NET DEBT	121.2	125.4	369.9	366.8
<i>Adjusted leverage ratio</i>	<i>1.69</i>	<i>1.76</i>		
<i>Gearing</i>	<i>0.26</i>	<i>0.28</i>		

Data under limited review by the statutory auditors

Total shareholders' equity was €316.2m, €7.6m higher than at 31 December 2023, with profit for the period of €12.8m and other comprehensive income of €1.4m partly offset by dividends paid of €7.0m.

At 30 June 2024, **net financial debt** (excluding rental debt) stood at **€369.9m**. This represents a slight increase of €3.1m compared with the end of 2023, mainly due to the financing requirements of the Property business for restructuring programmes.

It includes **net operating debt** of **€121.2m**, which represents one third of the Group's net debt, the balance being made up of property debt backed by assets to be restructured, virtually all of which are transferable. Net debt **fell by €4.2m**, benefiting in particular from a 0.4 point reduction in operating capex to 1.5% of operating revenues and a €0.2m increase in free cash-flow from operations.

Operating leverage stood at **1.69x** at 30 June 2024, a steady **improvement** over the past six months (31 December 2023 : 1.76x and 30 June 2023 : 1.92x) and well below the bank covenant set at 4.25x EBITDA before IFRS 16 on an annual basis. Similarly, **operating gearing** was **26%**, an improvement of 2 points compared with the end of 2023, when it was authorised at 125%. These sequentially improving solvency indicators reflect the company's particular attention to the robustness of its financial structure, an essential element in ensuring sustainable growth.

At 30 June 2024, the Group had a **net cash position** of **€70.1m**, of which €66.7m related to operations. At the same time, LNA Santé had access to RCF lines enabling it to draw down an additional €99m of debt. This high level of **liquidity (€170m)** means that the Group can finance its development opportunities with confidence.

2024 prospects confirmed

For 2024, the company is confirming its business forecast, targeting **organic growth** of close to 6.5% on a reported basis and **5.0%** on an adjusted basis (see glossary), for **operating sales in** excess of **€780m**.

The resilience of the business means that we can expect the **EBITDA** margin excluding IFRS 16 **for cruising sites** to remain at around **11%** of operating sales in the second half of the year.

In line with the guidance announced at the start of the year, Group net profit should be close to the contribution posted last year.

Operating leverage should remain below 2.0x at the end of 2024, reflecting financial discipline as well as operating performance.

In the longer term, LNA Santé plans to **increase** its **capacity** by **1,900 beds** and places **over** the next 5 years on the basis of the existing authorised capacity, excluding new developments, i.e. a mature capacity of 10,750 beds in 2029 compared with 8,600 in 2024.

In addition, at the end of 2024, the Group will **review the number of beds to be installed in** the light of applications for new authorisations that will have been accepted by the Regional Health Agencies, mainly for extensions to the areas covered by home hospital teams.

This transformation and extension of our offering is based on the solidity of each establishment's operating model, in which critical mass, openness to their local area and medical expertise are key factors. To achieve this, the development plan gives priority to operations located in the Group's catchment areas, so as to provide a comprehensive range of services over time, with the aim of increasing the territorial coverage and creating synergies between the various business lines within a healthcare pathway. LNA Santé is aiming to **acquire and restructure more than 600 beds a year**, subject to market conditions and opportunities.

On the strength of its strategic project, Growing Together #3, which sets out an ambition for sustainable development in all the financial and non-financial components of its business model, LNA Santé is demonstrating its serenity and determination in executing its operational roadmap in a rapidly changing environment.

Warning

This press release contains forward-looking statements that involve risks and uncertainties concerning the Group's future growth and profitability. As a result, future results may differ from those indicated in the forward-looking statements. These risks and uncertainties are related to factors that the Company can neither control nor estimate precisely, such as future market conditions, regulatory changes, etc. The forward-looking information contained in this document constitutes indicative expectations for a future period and should be regarded as such. Actual results, both in terms of sales and profitability, may differ from those described in this press release due to a certain number of risks or uncertainties described in Chapter 2 of LNA Santé's 2023 Universal Registration Document and available on its website and that of the AMF (www.amf-france.org).



Next publication:

Sales for the 3th quarter 2024: 7 November 2024 at market close

About LNA Santé :

LNA Santé is a family-run company based in Nantes, founded in 1990. Our business is caring for people who are frail or losing their independence. We are a global healthcare player with 9,000 professionals in 86 establishments (surgical, rehabilitation and mental health clinics, hospitals at home, nursing homes, health centres and kindergardens).

As a company with a mission, we are committed to working together to take concrete action in response to health, social and environmental issues.

For more information, please consult the website: www.lna-sante.com

LNA shares are listed in compartment B of Eurolist by Euronext Paris.
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Glossary

The **cruising** phase corresponds to beds that comply with LNA Santé's operating plan (quality of care, target size of establishment, new state of property, trained and involved management, efficient organisation). **Facilities undergoing restructuring** or in the opening phase are facilities taken over or opened approximately 1 year ago, undergoing renovation and/or expansion to bring them up to Group standards (cruising speed).

The **International Sectors** segment includes MRPA's in Belgium and clinics in Poland.

The **Medico-Social France** sector covers the activities of nursing homes in France.

The **Sanitaire France** sector covers the activities of the RCs, psychiatry, surgery and HAH.

Organic sales growth corresponds to the change in sales :

- between Y-1 and Y of establishments existing in Y-1,
- between Y-1 and Y for establishments opened in Y-1 or Y,
- between Y-1 and Y of establishments restructured in accordance with LNA Santé specifications or whose capacity increased in Y-1 or Y,
- in Y compared with the equivalent period in Y-1 for establishments acquired in Y-1.

For 2024, **adjusted growth**, or its **organic** component, is adjusted for the impact on the RC clinics business of the reclassification of financing for social measures (Séгур 1 & 2 and rider 32) included in sales in 2024 whereas they were recorded as a reduction in personnel costs in 2023.

Free Cash-Flow corresponds to cash flow from operating activities less sustaining capital expenditure and interest paid.

EBIT corresponds to Recurring Operating Profit (ROC). It is derived from operating profit adjusted for other income, expenses and provisions for liabilities and charges that are unusual or material in nature.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) corresponds to operating profit before other operating income and expenses, depreciation, amortisation and provisions, after allowances and reversals for impairment in value of property inventories.

Net financial debt : Gross financial debt, excluding lease obligations introduced by IFRS 16, less cash and cash equivalents and derivative assets, plus property leasing commitments.

Net financial debt from operations : gross financial debt from operations, excluding rental obligations as defined by IFRS 16, plus equity contributed to property, less cash and cash equivalents and derivative assets.

Net cash consists of cash and cash equivalents less bank overdrafts.

Operating leverage is the ratio of net operating debt to operating EBITDA excluding IFRS 16.

Operating gearing is the ratio of net operating debt to adjusted operating equity.

Adjusted operating equity represents consolidated operating equity, excluding the impact of IFRS 16, plus operating deferred tax liabilities, excluding the impact of IFRS 16, relating mainly to the valuation of operating intangible assets.