



CAPITAL MARKET DAY

September 15th, 2016

1. AN AMBITIOUS LEADING PLAYER

2. GROW

3. PERFORM

- IMPROVE OPERATING PERFORMANCE
- INVEST IN OUR PEOPLE
- OPTIMIZE REAL ESTATE MANAGEMENT
- “SUCCESS FOR GERMANY” – GERMANY FOCUS

4. INNOVATE

- INNOVATE WITH NEW CONCEPTS – BELGIUM CASE STUDY
- INNOVATE USING DIGITAL – ITALY CASE STUDY
- INNOVATE IN CARE – MEDICAL FOCUS

5. IMPLEMENT

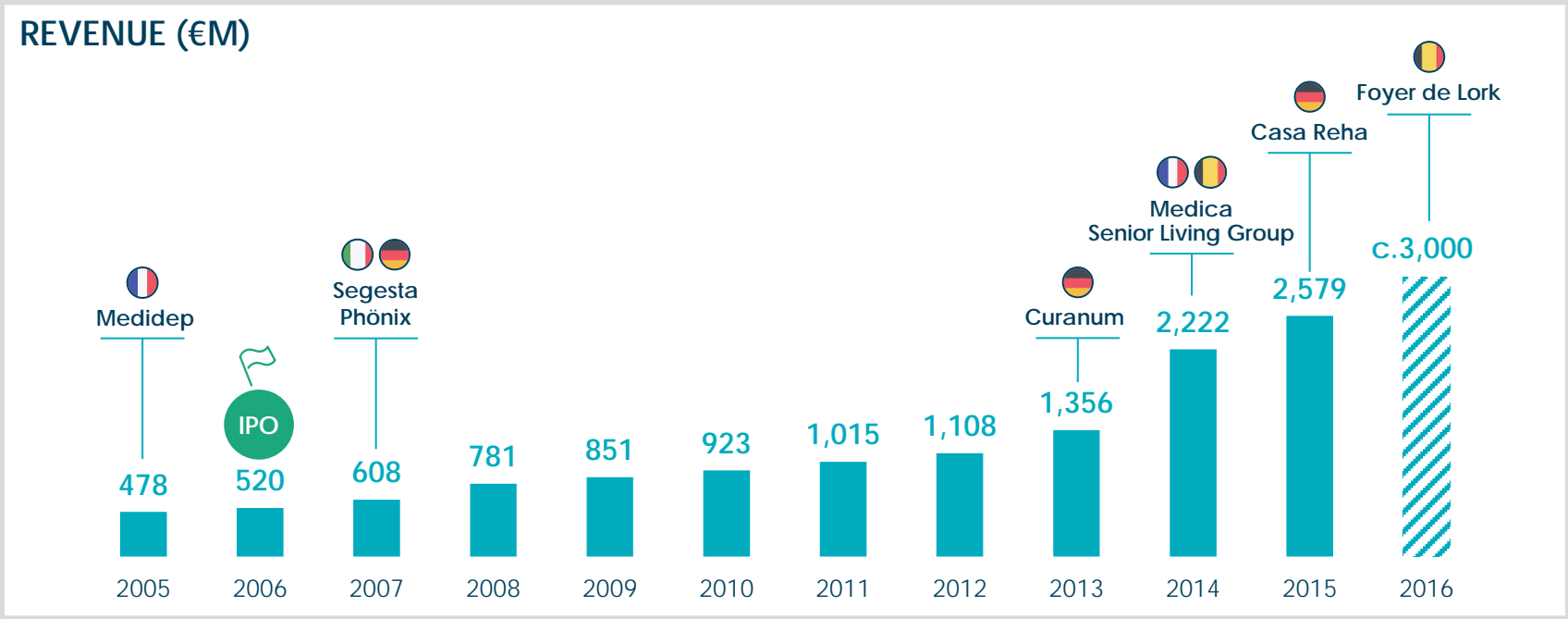
6. FINANCIAL DISCIPLINE

7. CONCLUSION

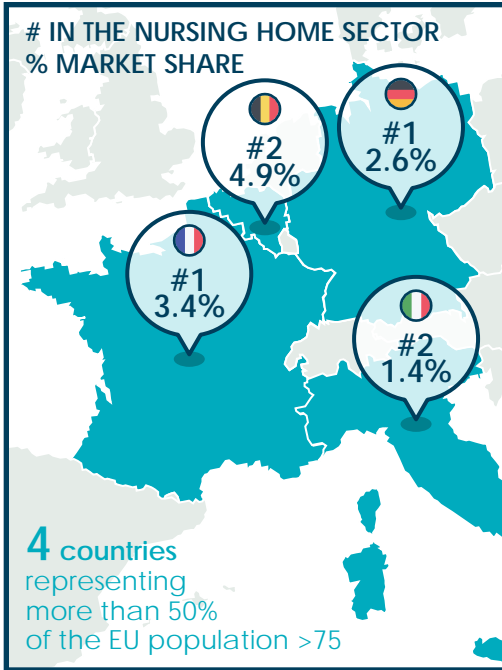
AN AMBITIOUS LEADING PLAYER



A LONG TERM GROWTH STORY



POSITIONING KORIAN AS THE #1 PLAYER IN EUROPE



71,542 BEDS IN 711 FACILITIES



EUROPEAN LEADER IN NURSING HOMES

61,407 beds in 572 residences



MAJOR PLAYER IN SPECIALIZED CLINICS,
SERVICE FLATS AND HOME CARE

Leader in **Specialized Clinics** with 6,814 beds (France & Italy)
Major European player in **Service Flats** with 3,321 flats (Germany & Belgium)
39 **Home Care** networks

EXPERTISE & EXCELLENCE

45,000 HIGHLY COMMITTED
PROFESSIONALS



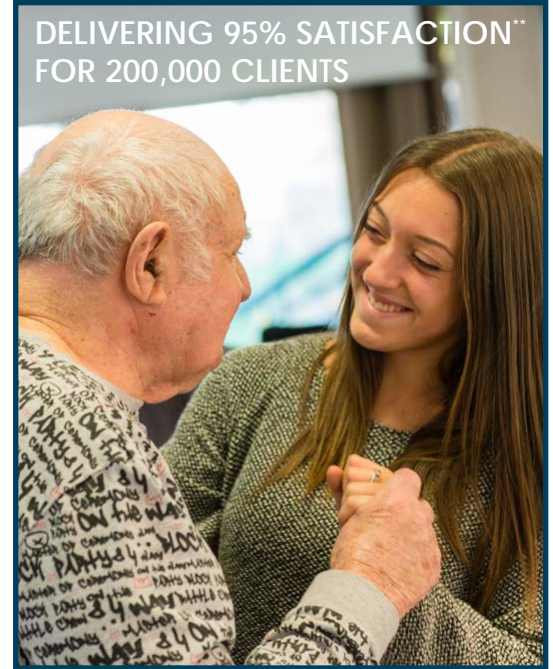
- Proud of their job for **92%***
- Proud of serving clients for **92%***
- Strong community of medical & paramedical staff:
572 doctors / 7,500 nurses

STRONG VALUES

- Benevolence
- Accountability
- Transparency
- Initiative

* Source: Korian European Employee Satisfaction Survey 2015

DELIVERING 95% SATISFACTION**
FOR 200,000 CLIENTS



** Source: Korian European Customer Satisfaction Survey 2015

DEPENDENCY & CARE IN EUROPE: A GROWING AND RESILIENT MARKET



Strong
demographic
trends



Growing need
for long term care



A business immune
to economic downturn
with strong barriers
to entry

MAJOR EVOLUTIONS TO COME



Evolving clients' needs
& expectations

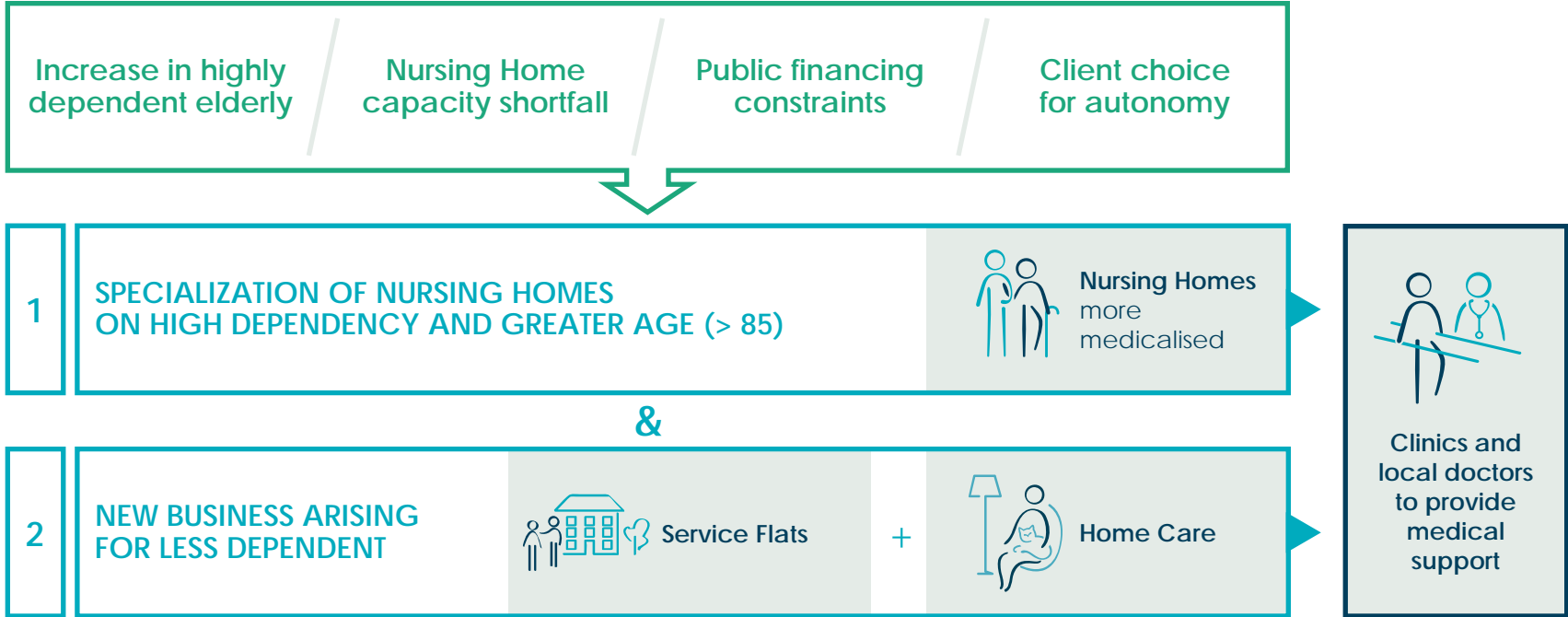


Digitalization
E-medicine,
Digital service platform

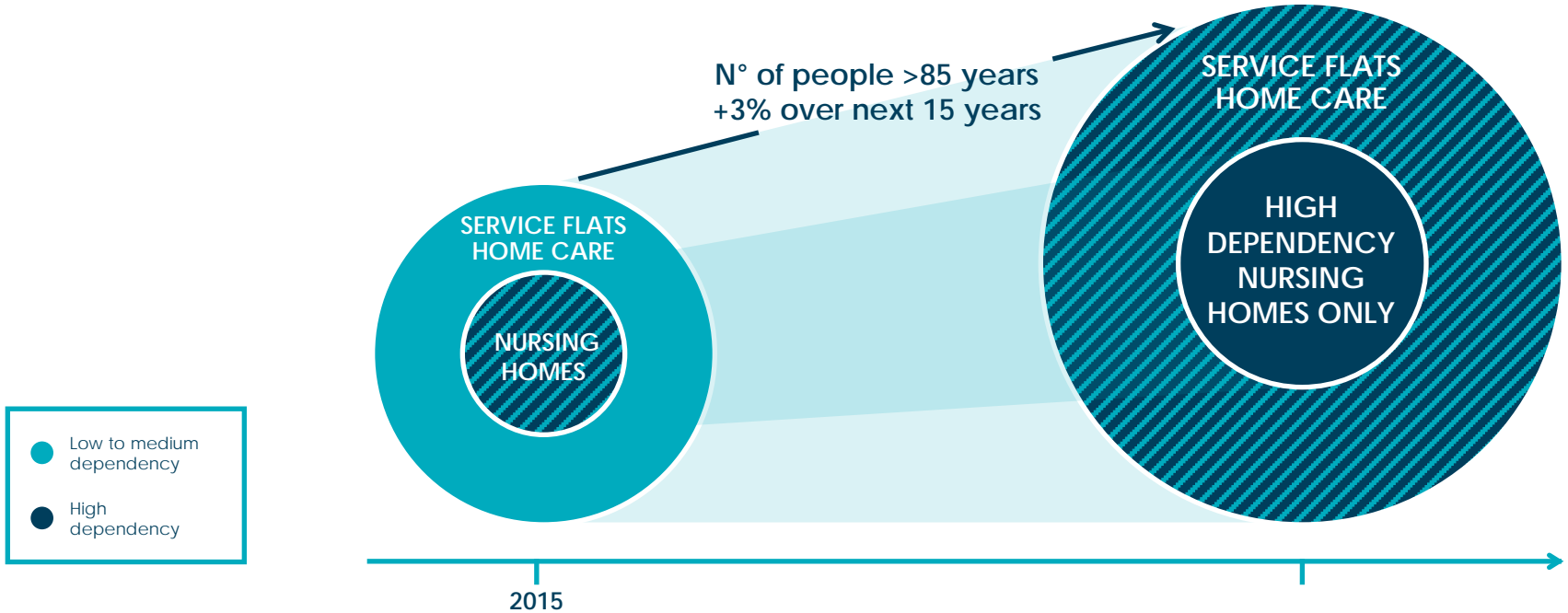


New public financing
regulations

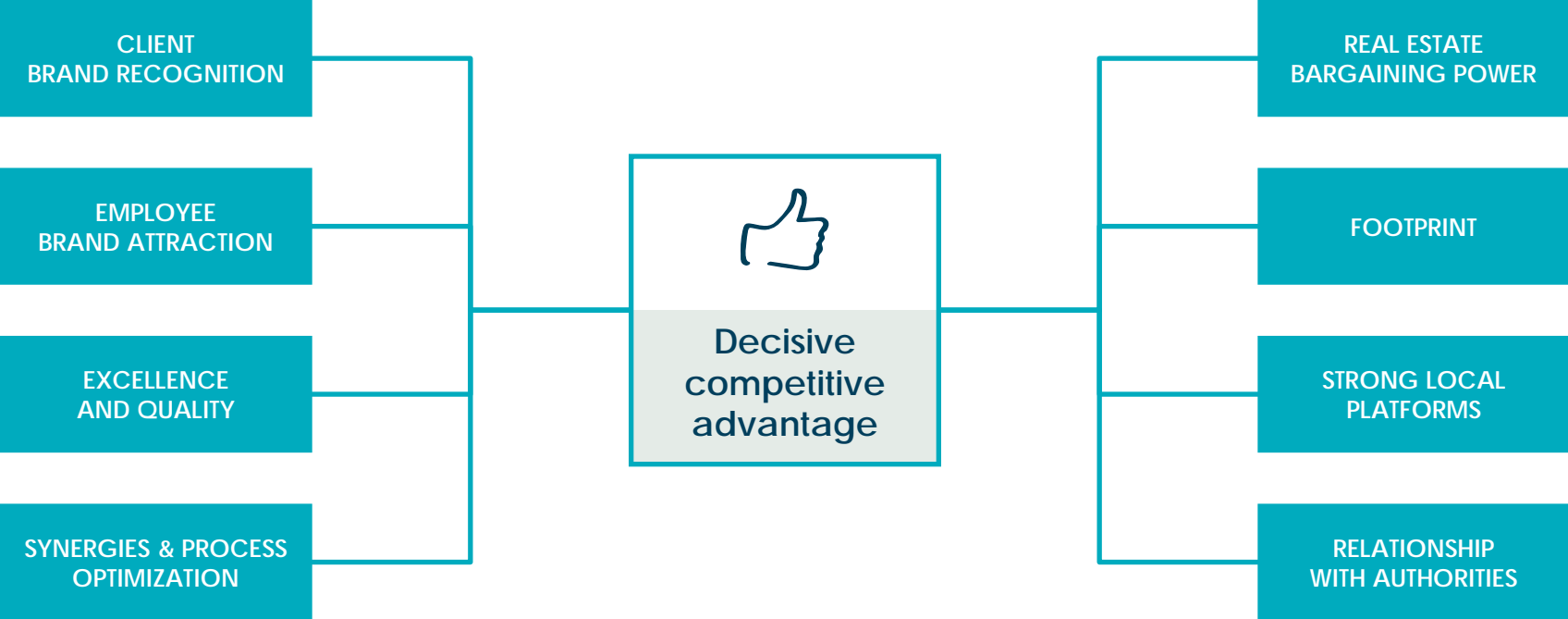
DEPENDENCY & CARE IN EUROPE: AN EVOLVING MARKET



DEPENDENCY & CARE IN EUROPE: AN EVOLVING MARKET




SIZE AND LEADERSHIP BRING A DECISIVE COMPETITIVE ADVANTAGE



OUR POSITIONING: BE A FULL SENIOR CARE PROVIDER

HEALTHCARE PROVIDER



Focusing on providing acute and long term care to highly dependent whatever the age

- Nursing Homes
- Post-Acute Clinics
- Home Hospitals

FULL SENIOR CARE SERVICE



Care service provider for ageing people leveraging on our existing business

- Nursing Homes
- Geriatric Clinics
- Home Care
- Service Flats

PURE PLAYER NURSING HOME



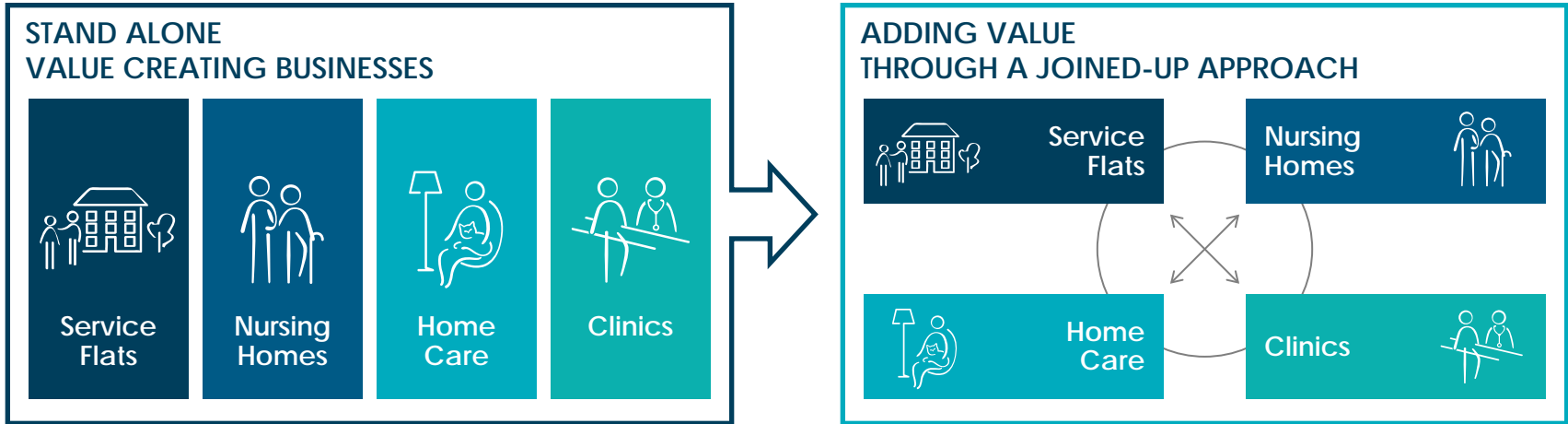
Focusing on Nursing Homes as the key business and contemplating some extensions on service flats

- Nursing Homes
- Service Flats

OUR AMBITION:

**BE THE EUROPEAN LEADER
IN SENIOR CARE SERVICES**

LEVERAGE VALUE CREATION THROUGH A JOINED-UP APPROACH



- Connecting our different activities at local level to leverage asset base
- Promoting a “one-stop shop” approach for seniors and their relatives
- Brand and digital as a key enabler

OUR STRATEGY AT A GLANCE



Grow our market share in European senior care services market



Develop innovative joined-up approach to answer client choice & autonomy

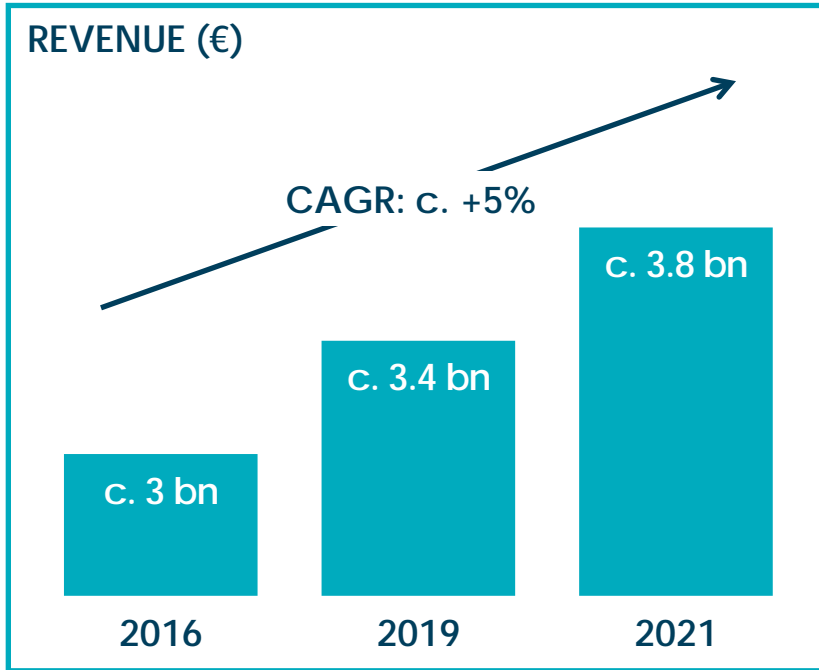


Leverage our expertise in care and our unique facility network through Korian's brand reputation



Manage performance to deliver best in class profitability and create value for our shareholders

5-YEAR KEY OBJECTIVES*

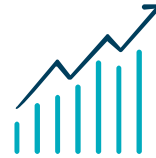


BEDS



Average
2,500
to 3,000 new beds p.a*

FINANCIAL OBJECTIVES



EBITDA margin:
c.14.0% in 2019 to
c.14.5% in 2021

Operating Free Cash Flow:
up 50% by 2021**

Dividend:
maintain existing policy

* Excluding strategic M&A

** Op. FCF defined as: cash generated from business - maintenance Capex - WCR change - financial charges - taxes

LEVERS TO MANAGE SUCCESSFULLY OUR 5-YEAR PLAN



Boost value-added internal growth



Improve operating performance



Invest in our people



Optimize real estate management



Focus innovation on medical care and digital



COMPREHENSIVE
IMPLEMENTATION
PLAN



STRICT FINANCIAL
DISCIPLINE

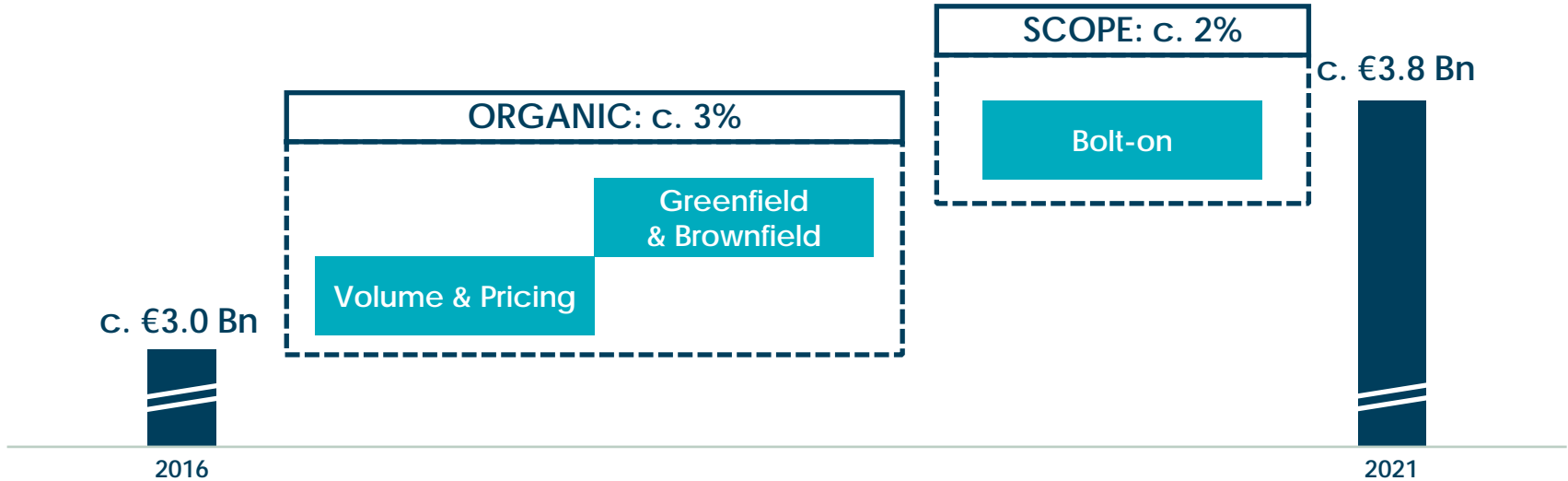
GROW



LEVERS TO MANAGE SUCCESSFULLY OUR 5-YEAR PLAN



c. 5% AVERAGE ANNUAL GROWTH OBJECTIVES*



An objective of 2,500 to 3,000 new beds p.a annum*

* Excluding strategic M&A

GROW, RESTRUCTURE AND LEVERAGE OUR NETWORK

| | | |
|-----------------------|--|---|
| <h2>GROW NETWORK</h2> | <ul style="list-style-type: none"> • Expand in Nursing Homes and specialized clinics with greenfields and bolt-on • Strengthen our position in Service Flats and Home Care | <ul style="list-style-type: none"> • Service Flats offer x2 (4,000 new / 50% in Germany) • Home Care revenue x2 |
|-----------------------|--|---|

| | | |
|------------------------------|--|---|
| <h2>RESTRUCTURE NETWORK</h2> | <ul style="list-style-type: none"> • Improve economic performance (occupancy rate & pricing) • Extend portfolio of services (Home and Day Care) • Reinforce regulation compliance (Germany) | <ul style="list-style-type: none"> • c. 40 facilities identified in France • c. 60 facilities identified in Germany |
|------------------------------|--|---|

| | | | |
|---------------------------|--|--|---|
| <h2>LEVERAGE NETWORK</h2> |  <p>Local facility network</p> <ul style="list-style-type: none"> • Several facilities in the same area • Single or multi segments |  <p>Integrated multi-service platform</p> <ul style="list-style-type: none"> • Multi segments under one roof • "Senior ecosystem" | <ul style="list-style-type: none"> • c. 70 potential local platforms identified in France • Integrated multi-service platforms already operating in 3 other countries |
|---------------------------|--|--|---|

GREENFIELD COMBINING NURSING HOMES AND SERVICE FLATS



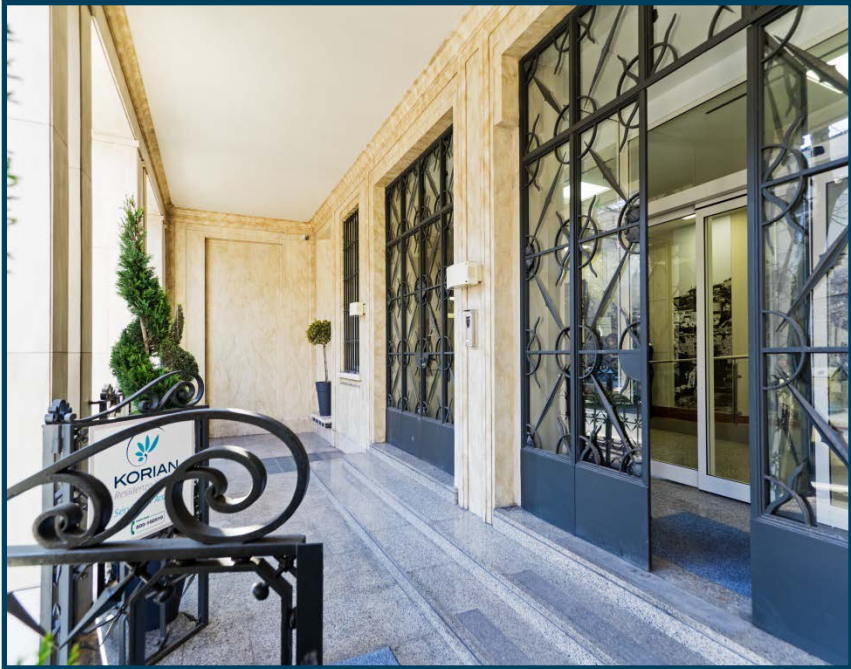
ON THE SAME LOCATION HASSELT, BELGIUM 🇧🇪



- Nursing Home
- Independent Service Flats

- **Shared “back office” services**
(kitchen, laundry, medical support...)
- **Urban Access, premium positioning**
- **Occupancy rate ≈ 100%**

GREENFIELD COMBINING NURSING HOMES AND SERVICE FLATS



UNDER THE SAME ROOF
BRESCIA, ITALY 🇮🇹



- Medicalized Nursing Home + rehabilitation clinic + medicalized Service Flats for short and long stay
- Premium positioning and entirely private pay
- Opened in March 2016: still in ramp up phase

SPECIALIZED CLINIC OPTIMIZATION: TOULOUSE CASE STUDY



CLOSING OF CLINIC "VAL DES CYGNES" TOULOUSE, FRANCE 🇫🇷

- Built in 1973
- 100 beds / 3,500 sqm
- 15km South of Toulouse



10 BEDS
TRANSFERRED
FROM CLINIC
"LE CHÂTEAU"

15km South
of Toulouse




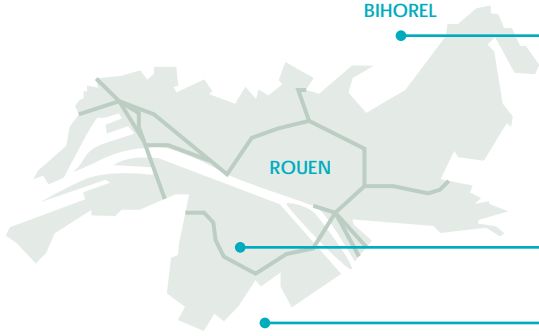
NEW CLINIC "ONCOPOLE" Opening in H2 2018 TOULOUSE, FRANCE 🇫🇷

- 95 beds and 15 day care places
- Located on the Oncopole site dedicated to healthcare and medical research
- New specific medical project
- Investment: €15 M; EBITDAR margin x2



NURSING HOME NETWORK: ROUEN OPTIMIZATION

ROUEN, FRANCE 



BOIS-GUILLAUME BIHOREL

ROUEN

SOTTEVILLE-LES-ROUEN

- 1 Facility Director & Central admission program
- Common Healthcare & Entertainment program
- Occupancy rate: +80bp up to >98%



VILLA SAINT DO

- Close to the local hospital
- High specialization on dementia



LES 100 CLOCHERS

- Centre of the city
- Access premium



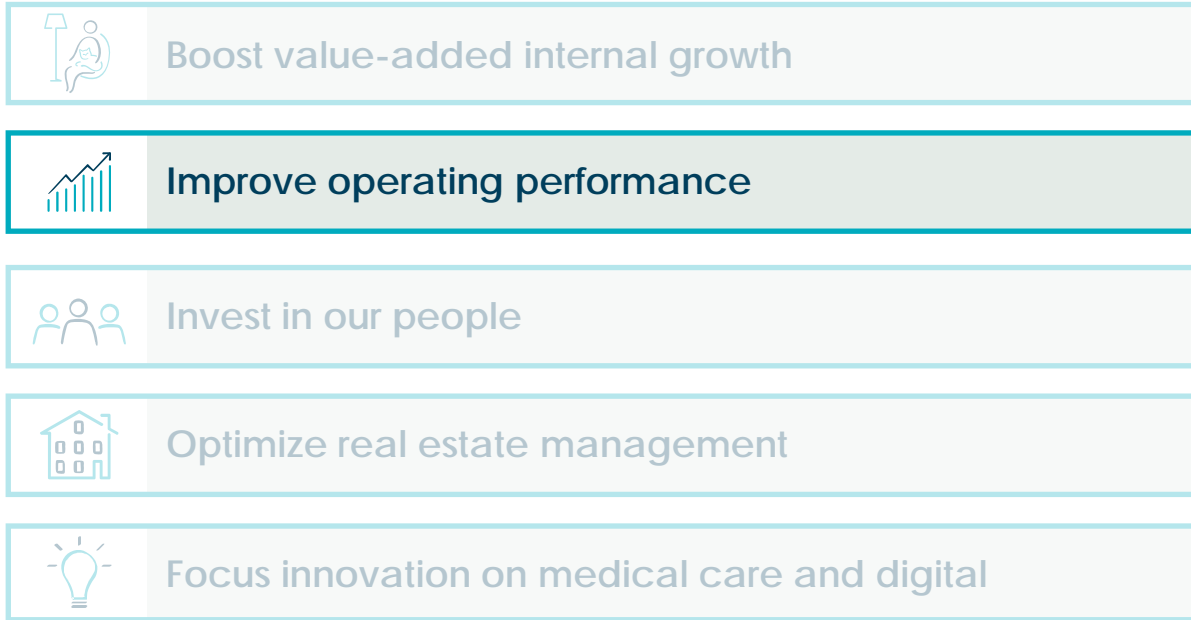
LE JARDIN

- Middle sized facility with premium positioning
- Residential neighbourhood

PERFORM

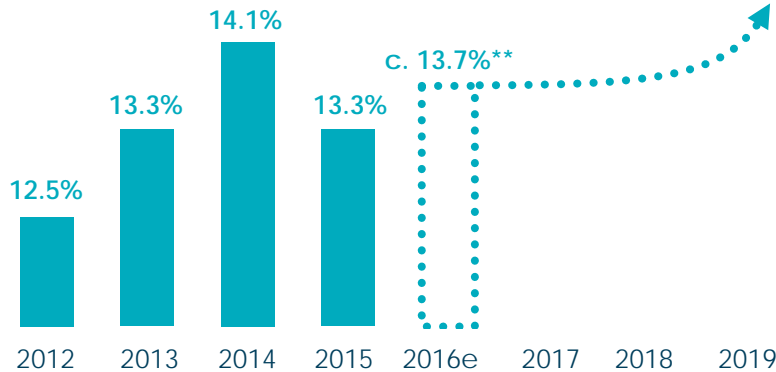


LEVERS TO MANAGE SUCCESSFULLY OUR 5-YEAR PLAN



IMPROVE OPERATING PERFORMANCE

2012 – 2019 EBITDA MARGIN*



* As reported. For 2016 based on guidance on recurring as in H1

** For 2016 based on recurring margin expectation as announced in H1 2016

FRANCE

- Merger impact behind us
- Adapt to Specialized Clinic new tariff scheme over the next 5 years

GERMANY

- Forthcoming new care regulation (PSG II, WTG) will bring opportunities & some constraints during transition that have to be mitigated

COMPREHENSIVE ACTIONS TO OPTIMIZE OPERATING PERFORMANCE IN BOTH COUNTRIES

- Streamline cost base, with a specific focus on Germany
- Integration plan of Casa Reha
- Optimization plan for Specialized Clinics in France

IMPROVE OPERATING PERFORMANCE



PURCHASING

- Capture Group & country level synergies
- Maximize global contract usage
- E-procurement implementation



SG&A

- Reduce support functions to 4% of revenues as a maximum level



OPERATIONS

- Focus on the lowest performing facilities
- Optimize asset base
- Drive local facility network synergies

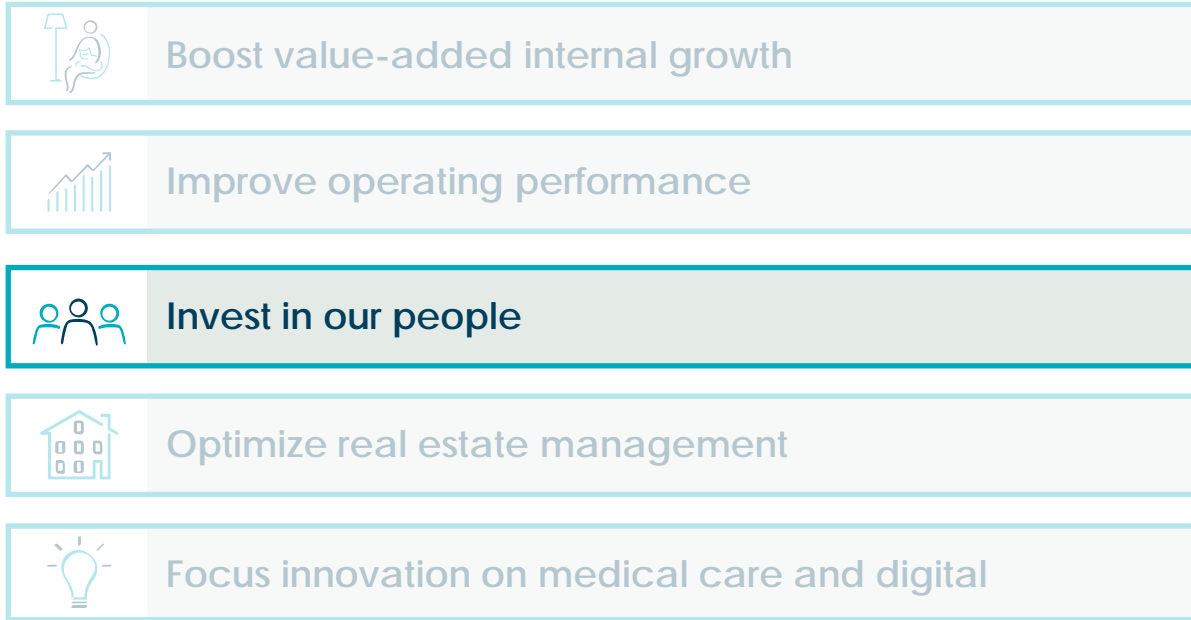


GERMANY PERFORMANCE PLAN

- A plan to recover Curanum's operating performance
- A plan to manage Casa Reha integration
- A plan to offset anticipated German market changes

c.€25 M cost reduction over 3 years

LEVERS TO MANAGE SUCCESSFULLY OUR 5-YEAR PLAN



INVEST IN OUR PEOPLE

45 000 highly
committed
professionals

The heart
of quality care

Largest cost base
(52% of revenues)



**CULTIVATE
STAFF
LOYALTY**

- Employer brand reputation
- Staff recognition
- Career development
- Proactive staff management
- Easy support access & availability

&



**DAY TO DAY
EFFICIENCY**

- Facility director know-how
- Managerial efficiency
- Resource planning & anticipation
- E-learning
(35,000 followed a training programme in 2015)

Ensure best
quality of care

Manage effort
rate of 52%

INVEST IN OUR PEOPLE

RECRUIT & RETAIN

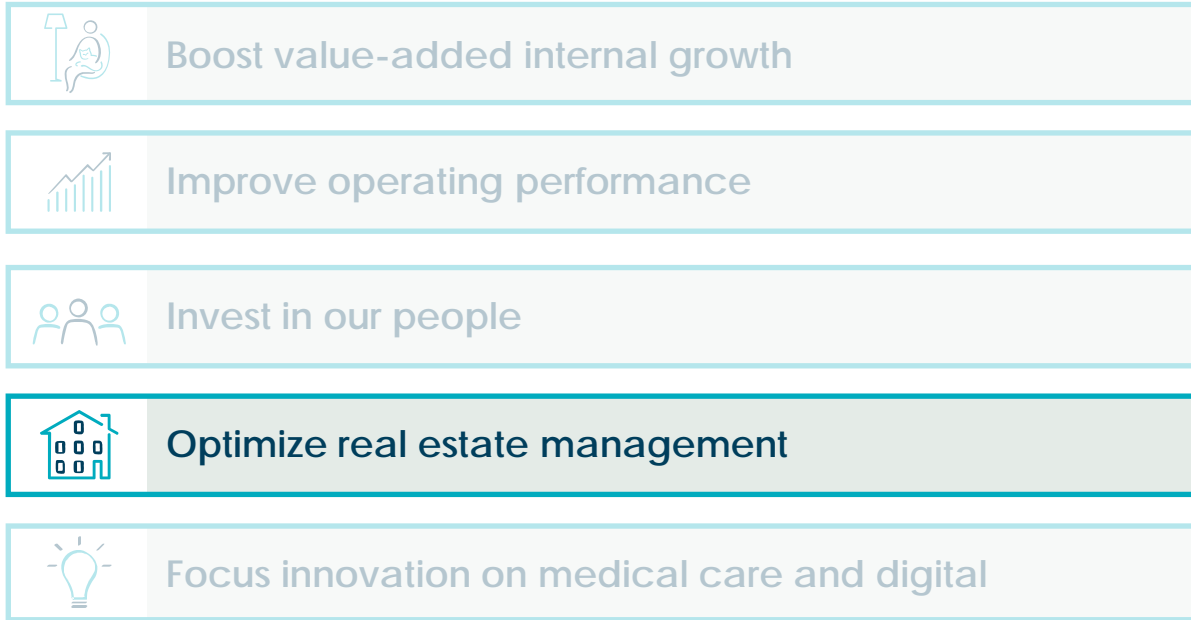
- **Systematic mapping of future needs**
- **Attract and retain key resources**
 - Develop caregivers apprenticeship : from 0% to 3% of staff by 2020 in France
 - German “Azubi” apprenticeship program increase from 5% to 10% of staff
 - Specific programs to recruit medical staff
- **Reduce interims** : divided by 2 over the last 6 months at Curanum
- **Quality of working conditions**: dedicated app' for all employees

LEARN & TRAIN

- **General training programs on Care & Services**
 - Mandatory for care managers and care area managers in Germany
 - Enhance service skills:
 - 70% of employees annually trained in 2017
 - 100% annually trained in 2020
 - Korian Workshop for managers
- **Specific training program**
 - In all the facilities
 - For 100% of facility directors and managers in 2017
 - E-learning pilot project (Korian Academy)
- **Diploma course for 10% of employees in 2017 vs. 3% in 2016**

DEVELOP A STRONG EMPLOYER BRAND WITH A SPECIFIC FOCUS ON CAREGIVERS

LEVERS TO MANAGE SUCCESSFULLY OUR 5-YEAR PLAN



OPTIMIZE REAL ESTATE MANAGEMENT

THE BACKBONE OF OUR ACTIVITIES

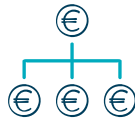


HOSPITALITY BUSINESSES



ADD VALUE TO THE OFFER

- Attractiveness of our positioning
- Quality of fixtures & fittings



IMPACT THE COST STRUCTURE

- Real Estate costs 2nd highest after employee costs
- Facility design key to operating efficiency
- c. 90% of yearly investments

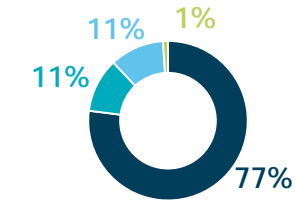


DRIVE ORGANIC GROWTH

- Brownfield and greenfield accounting for 50% of the growth

A SIGNIFICANT REAL ESTATE OWNERSHIP

GEOGRAPHICAL SPLIT OF OWNERSHIP



(in €M)



Real Estate portfolio valuation* : €980 M



Ownership: 14%
of operating assets
generating 14% of 2015
revenue



Real Estate debt: €390 M
Loan to value: c. 40%



437,000 sqm / 98 buildings



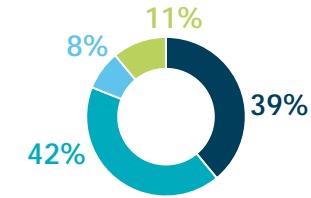
Average age: 19 years**

* Real Estate appraisal as of 30 June 2016, supported by international expert

** Including the significant restructuring of assets

A POWERFUL TENANT WITH SIGNIFICANT BARGAINING POWER

GEOGRAPHICAL SPLIT OF RENTS



(in sqm)



Effort rate on rented portfolio: **>50%**;
significant discrepancies between countries



Rentals: 86%
of operating assets
generating 86% of 2015
revenue



80% of rented assets
owned by institutional
investors



3.3 million sqm /
614 buildings



Length of rentals: 9 to 27
years (shorter: France,
Italy / longer: Germany,
Belgium)

BETTER CONTROL OUR REAL ESTATE PORTFOLIO

ACTIVE PORTFOLIO MANAGEMENT



- Portfolio arbitration
- Renegotiate lease conditions
- Exercise relocation/ pre-emption rights

INTERNALISE REAL ESTATE KNOWHOW



- Control design and building process
- Asset & relationship management
- 1 Group team coordinating teams in each country

BUILD STRATEGIC PARTNERSHIPS



- Set up global partnership with investors
- Accelerate development and restructuring
- Homogenize property leases
- Sharing value creation

OWNERSHIP OF FLAGSHIPS



- Privileged urban areas
- Benefit low interest rates environment
- Financed through RE debt (increased basket in new loan)
- Capture value

EFFORT RATE* AROUND 50% FOR NEWLY LEASED ASSETS

* Effort rate = rentals / EBITDAR

LEVERS TO MANAGE SUCCESSFULLY OUR 5-YEAR PLAN



SUCCESS
FOR
GERMANY



KORIAN HAS DEVELOPED ITS LEADERSHIP ACROSS GERMANY WITH A GLOBAL CARE SERVICE OFFER



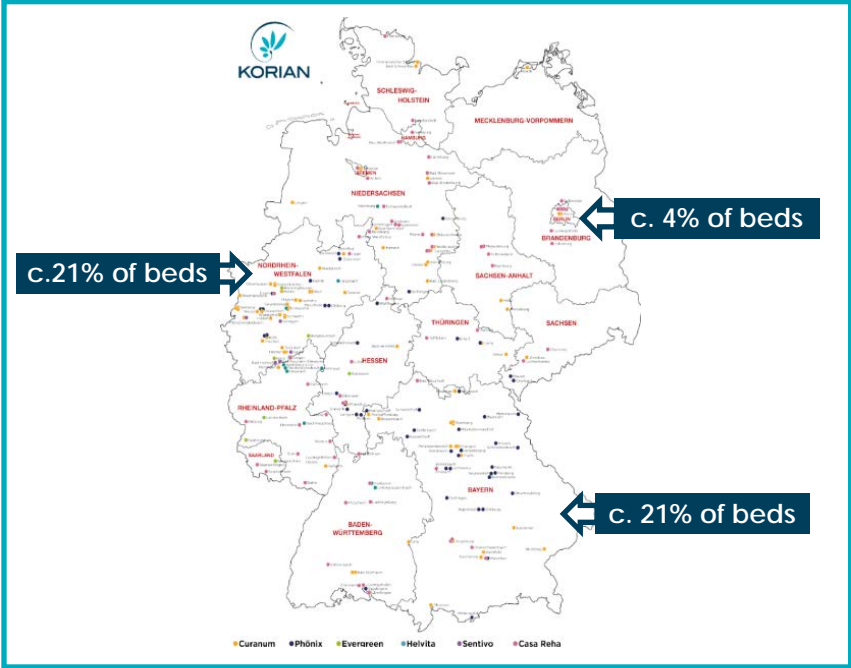
Nursing Homes
225 Nursing Homes
& 25,216 beds




Service Flats
c. 2,600 flats




Home Care
25 entities

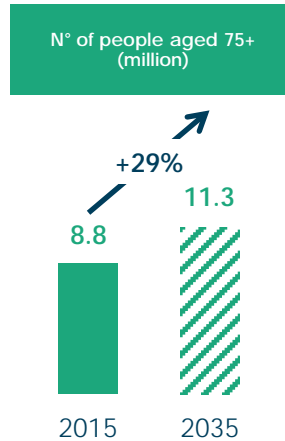



AN ATTRACTIVE MARKET OFFERING SIZE, GROWTH AND SOLVENCY



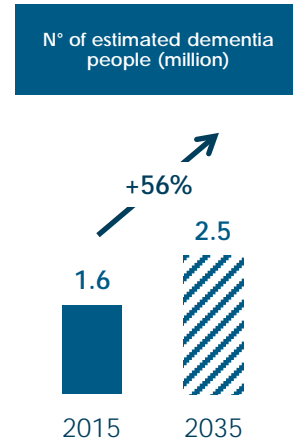
- Largest population aged >75 in Europe with 9M
- Care insurance covers half of the costs per resident in Nursing Homes
- c.32% of Nursing Homes residents are welfare recipients (2013)*

2015-2035
INCREASE IN ELDERLY POPULATION
>75 TO GROW BY c. 30%,
>85 TO GROW c. 55%



Source : OECD Historical Data and Projections Database, 2015

ELDERLY POPULATION ESPECIALLY
IMPACTED BY THE INCREASE
IN DEMENTIA



Source : Germany Federal Statistical Office 2015;
OECD 2015 analysis of data from Prince et al. (2013) and the United Nations

* <http://www.welt.de/wirtschaft/article133730244/Zahl-der-Sozialhilfeempfaenger-steigt-auf-Rekordhoch.html> and statistisches Bundesamt

MAJOR ON-GOING EVOLUTION TO RESHAPE THE GERMAN MARKET



PUBLIC FINANCING: FUNDS FOCUSED ON DEPENDENCY

- **Nursing Homes** to focus more on highly dependent people (PSG II, PSG III)
- Foster **alternative solutions** for less dependent people (day care, assisted living, home care)
- **Local authorities** to have an increasing role in the coming years on market regulation



CHANGES IN LÄNDER REGULATION

- **New standard rules**, to be implemented from 2017 to 2020, will impact on size & organization of facilities and single vs. double room offer
- Changes may lead at this stage to **potential reduction** for Korian of c. 3% of our installed beds (operating impact already discounted in the 5-Year plan)

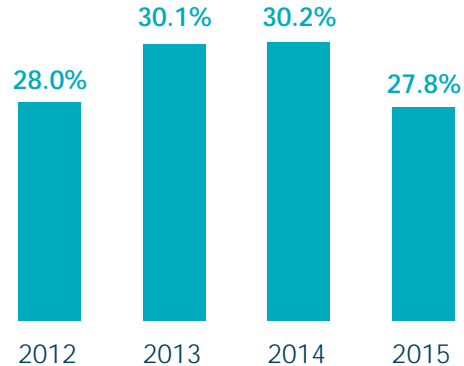


CHANGE IN MARKET STRUCTURE & CONDITIONS

- Care sector is being structured with **new working conditions** (minimum wage, harmonized staff keys in 2020)
- **On-going consolidation** reinforced by impact of new regulation on small players

KORIAN SITUATION IN GERMANY

2012 – 2015 EBITDAR MARGIN



WHERE WE STAND

- Need for structures and stabilized organizations, after successive mergers and rapid growth
- Very committed teams in facilities
- Good quality of service

COMPREHENSIVE STABILIZATION & PERFORMANCE PLAN

- New management team already in place
- Mobilization of all key managers
- Integration of Casa Reha
- Performance plan “Success for Germany”

IMPROVE PERFORMANCE THROUGH ACTIVE TOPLINE MANAGEMENT

ADAPT OUR CARE OFFER TO CUSTOMER NEEDS AND REGULATORY CHANGES

- Grow business through a full range of care offer
- Manage PSG II and PSG III laws, jointly with local care authorities and health insurers (i.e. adapt facilities and services to more dependent people)
- Prepare the upcoming regulation changes at Länder level (e.g. requests for exemption, changes)

SUSTAIN A DYNAMIC SALES GROWTH
WITH AN AVERAGE ANNUAL OBJECTIVE OF c.6% BETWEEN 2016 AND 2021

GROW OUR BUSINESS THROUGH FULL RANGE OF CARE SERVICES



NURSING HOMES

Bolt-on acquisitions

–

Greenfields

–

Day-care development



SERVICE FLATS

Bolt-on acquisitions

–

Greenfields
(standalone facilities)



HOME CARE

Bolt-on acquisitions

–

Greenfields

–

New services

DEVELOPMENT THROUGH A JOINED-UP APPROACH

“SUCCESS FOR GERMANY”: A PROJECT WITH A DEDICATED TEAM LEVERED BY 4 DRIVERS

c.€25 M POSITIVE EBITDAR CONTRIBUTION BY 2019 INCLUDING CASA REHA SYNERGIES



PURCHASING

- Capture Group synergies



SUPPORT FUNCTIONS

- Leverage Curanum / Casa Reha integration
- New organization for central & local functions



PORTFOLIO OF FACILITIES

- Full performance review of each facility
- Turnaround of under-performing facilities



HUMAN RESOURCES

- Map 3 / 5 years needs
- Recruit skilled medical staff, double number of apprenticeship
- Build strong employer brand
- Reduce interim costs and friction HR costs

RETURN TO c.30% EBITDAR MARGIN BY 2021



CAPITAL MARKET DAY

September 15th, 2016

INNOVATE



LEVERS TO MANAGE SUCCESSFULLY OUR 5-YEAR PLAN



KORIAN STRUCTURES AND INVESTS ON ITS PATH FOR INNOVATION



CONCEPT

- Senior ecosystems
- Private Public Participation



DIGITAL

- Client relationships
- Digitalization of operations in facilities
- Reinforce relationship with employees and boost loyalty through mobile Apps enabling direct communication channel



MEDICAL & HEALTH

- Deploy and solidify best practices
- Pursue our Research initiatives through the "Institut du Bien Vieillir"
- Develop e-medicine



INNOVATE
WITH NEW
CONCEPTS

BELGIUM CASE STUDY

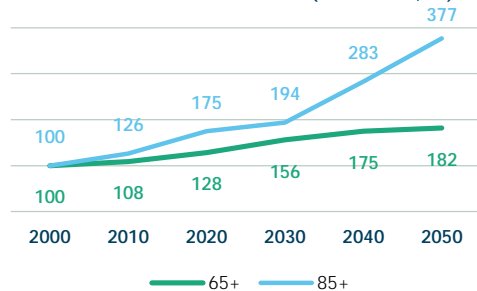


A MARKET WITH STRONG POTENTIAL FOR ORGANIC GROWTH AND MARKET CONSOLIDATION

MARKET OVERVIEW

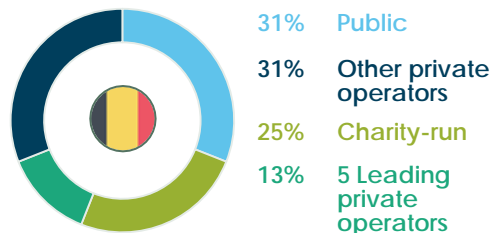
- Population: 11.3 M
- c. 18% over 65 years old
- 142,482 nursing home beds
- 141 beds per 1,000 people > 75 y

EVOLUTION 65+ / 85+ (BASIS 100 / 2,000)



74 FACILITIES
7,921 BEDS

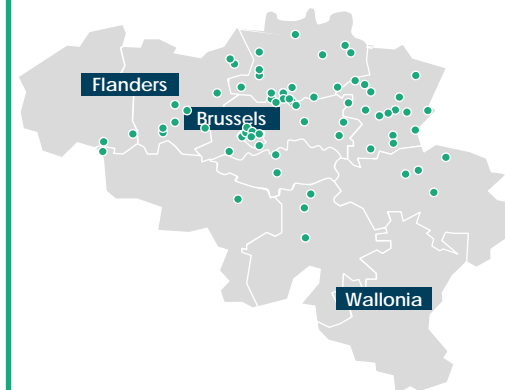
BELGIAN NURSING HOME MARKET



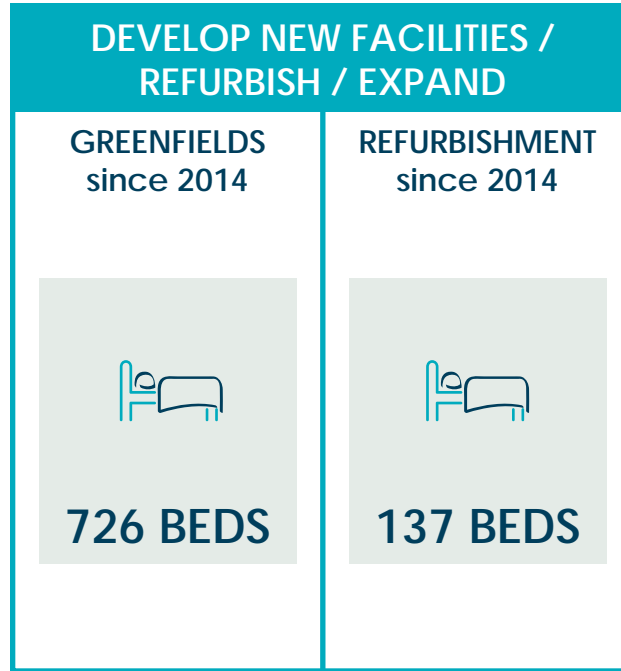
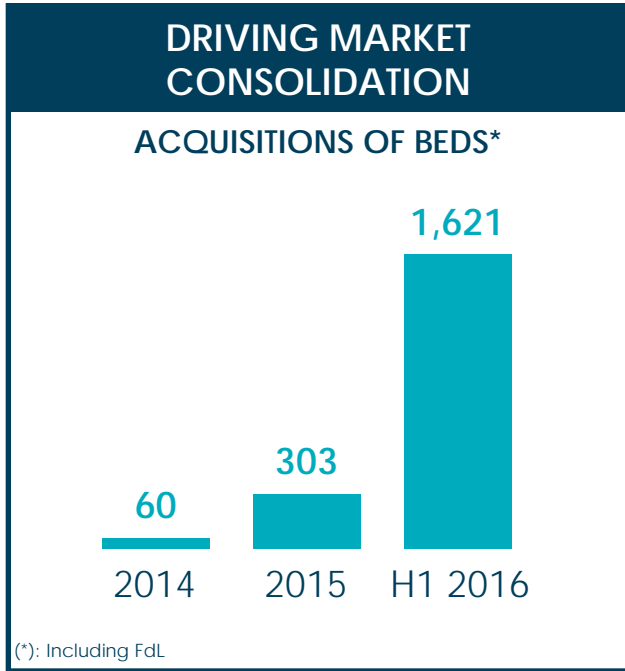
Korian market share : **4.9%***

(*): Including FdL

GEOGRAPHICAL DISTRIBUTION



HOW DO WE SUCCEED? HOW WILL WE DRIVE A SUCCESSFUL ROADMAP?



NEW PROJECTS & CONCEPTS

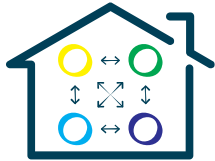
CASE STUDY “SENIOR ECOSYSTEM” HASSELT



Our expertise in operating combined facilities - **Nursing Homes & Service Flats**



2017 expansion to Home Care business and leverage on district **local networking**



- Multi segments under one roof
- “Senior ecosystem”

Nursing Homes of 47 beds & 55 Service Flats

In cooperation with Real Estate developer Clients are buying flats for own use, or to be rented out through the operator’s services

CASE STUDY: PPP OF WIJGMAALBROEK / LEUVEN

PRIVATE - PUBLIC - PARTICIPATION



PUBLIC OPERATOR

- Financial limitations (Income ↓ Expenses ↑)
- Operational limitations (Civil servants)
- Administrative complications

PRIVATE OPERATOR

- More efficient
- Economy of scale
- More flexible



Service Flats
26 Service Flats



Nursing Homes
120 rooms

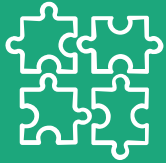


Building & construction rights agreement (33y) with the city on plot of land

DBFMO-contract
Korian built & financed the building

OUR TAKEAWAYS

A COUNTRY WHERE BEING INNOVATIVE IS KEY TO CAPTURE GROWTH



CONSOLIDATE

Consolidate
a fragmented market



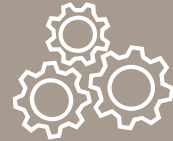
BROWNFIELD PROJECTS

Expansion
and restructuring
to get better pricing



GREENFIELD PROJECTS

Tracking
authorizations



DEVELOPMENT/ ACQUISITION OF NEW CONCEPTS

Expand through
new partnerships
(PPP)
Senior Ecosystems

INNOVATE
USING
DIGITAL

ITALY CASE STUDY

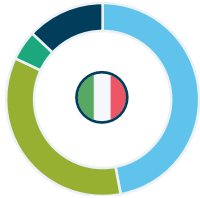


ITALIAN MARKET AT A GLANCE

MARKET OVERVIEW

- Population: 60.9m, 21%>65 yrs
- 340,000 Nursing Home beds
- 64 beds per 1,000 people > 75yrs
- Korian market share: 1.4%

ITALIAN NURSING HOME MARKET



- 47% Public
- 13% Other private operators
- 35% Charity-run
- 5% 5 Leading private operators

54 FACILITIES – 5,447 BEDS



HOW WE SUCCEED

- Location is a key success factor
- Restructuring out network to drive profitability

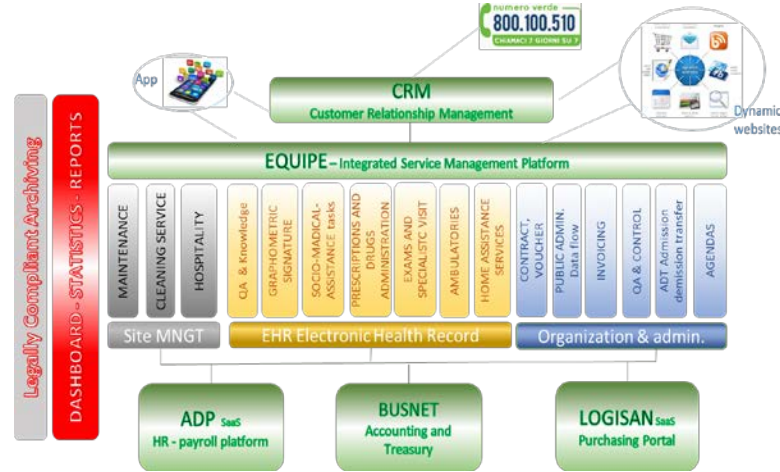
INNOVATE TO DIFFERENTIATE

A DEDICATED GLOBAL CONNECTIVITY PLATFORM TO MANAGE BUSINESS

RISTOCLOUD



ACCOMODATION AND CATERING TOOL



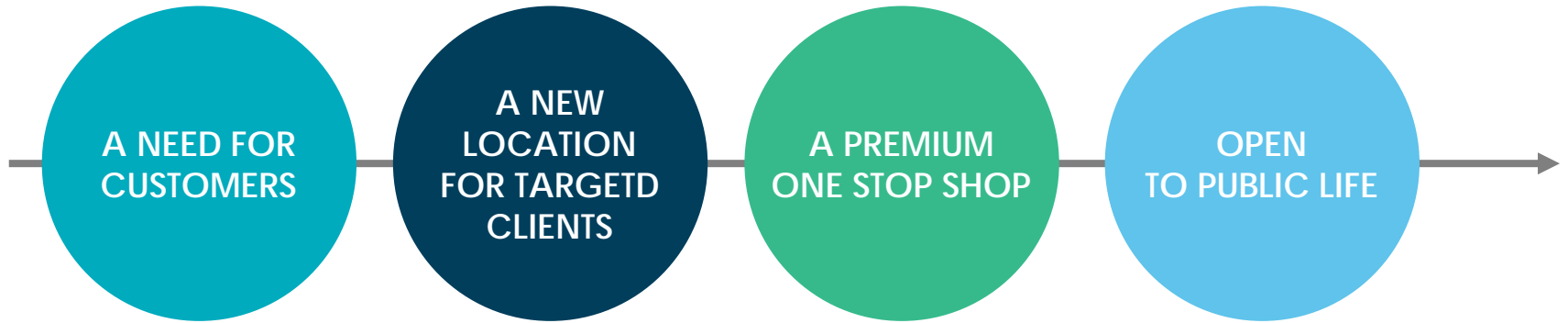
EQUIPE



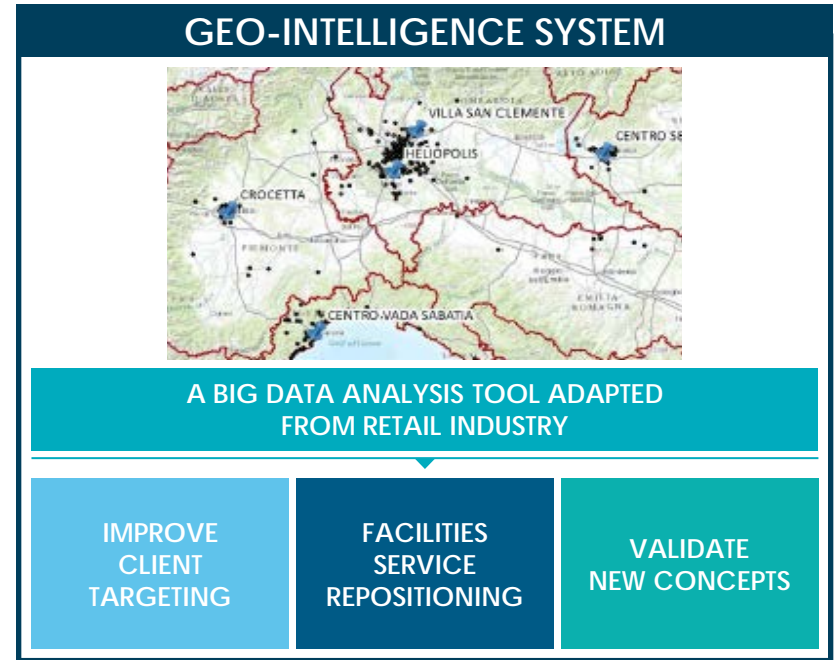
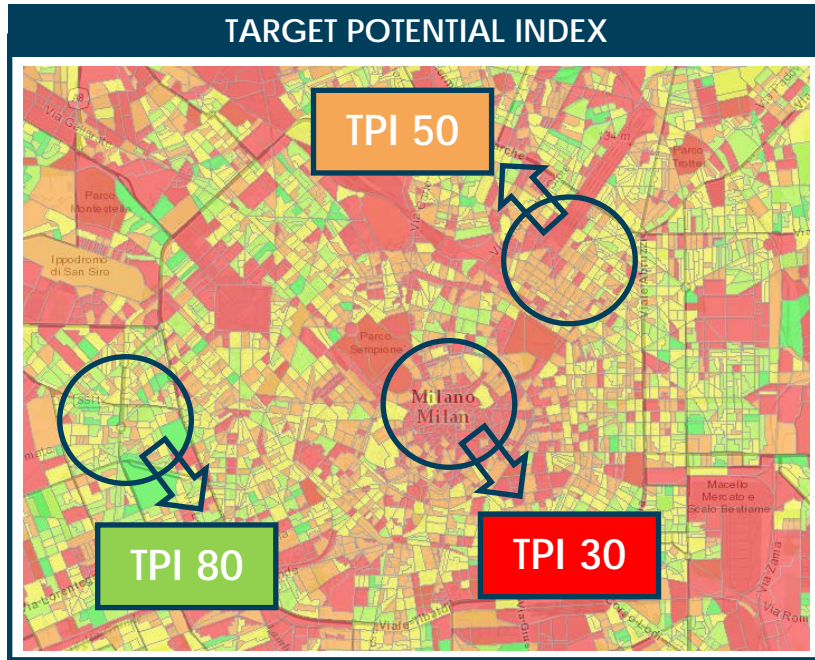
CRM TOOL COMBINED WITH A MANAGEMENT TOOL COVERING ACTIVITY

Improve quality of care Enhance team efficiency Increase performance

OPENING OF BRESCIA FACILITY IS AN INNOVATIVE BREAKTHROUGH



GEO-INTELLIGENCE SYSTEM, BIG DATA ANALYSIS: A SOURCE OF NEW BUSINESS AND CONCEPT VALIDATION



OUR TAKEAWAYS: DIGITAL IS KEY



- Improve operational performance
- Target future clients & locate facilities
- Drive profitability

Digital concepts to be deployed progressively across Korian

INNOVATE
IN CARE

MEDICAL FOCUS



WHO ARE OUR PATIENTS AND RESIDENTS?

> 200,000 PATIENTS & RESIDENTS ANNUALLY



NURSING HOMES

- Age: Men c.84 yrs, Women >85.5
- Average length of stay: 3 years



SPECIALIZED CLINICS

- Age: >70 yrs
- Average length of stay: 20-30 days

Vulnerability diagnosis is key to setting individual care profiles & support needs



NURSING HOMES

- >60% dementia issues
- >30% functional rehabilitation needs
- >25% at risk of disruptive behaviour



SPECIALIZED CLINICS

- > 50% osteoarticular disease
- > 20% neurologic disorder
- > 13% cardiovascular pathology

Neurodegenerative (Alzheimer, Parkinson...) and chronic diseases (osteoarticular, cardiac, diabetes, obesity) are the recurring patient diagnosis

QUALITY OF CARE TO OFFER BEST QUALITY OF LIFE

POSITIVE APPROACH TO CARE



Based on systematic identification and evaluation of:

- Needs and wishes from the resident and their relatives
- Abilities and competencies
- Potential sensory impairments



FUNCTIONAL

- Physical exercises & activity
- “Silver Fit” interactive exercise games
- Rehabilitation



COGNITION

- Household activities
- Memory games
- Mental exercises (puzzles, crossword...)



BEHAVIOUR

- Household activities
- Games
- “Activity flash” to refocus attention

QUALITY OF CARE TO OFFER BEST QUALITY OF LIFE

A brand recognition label with a 100% target facilities by 2020



ENHANCING THE QUALITY OF CARE USING MEDICAL CONNECTIVITY

E-MERGENCY



Permanent on-line medical support 24/7 provided by both Korian medical team and external doctors

Avoid unnecessary hospitalization

E-XPERTISE



On-line Specialist medical advice & consultation provided by both Korian medical team and external doctors

Increases patient safety

Reassures care teams

Extends medical support

FACILITATING THE QUALITY OF CARE USING CONNECTIVITY



IMPLEMENT



LEVERS TO MANAGE SUCCESSFULLY OUR 5-YEAR PLAN



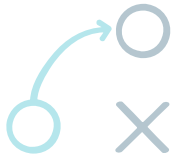
COMPREHENSIVE IMPLEMENTATION PLAN



ORGANIZED TO PERFORM



CONTROL



PROCUREMENT MANAGEMENT



IT STRATEGY

A DECENTRALIZED & AGILE MODEL

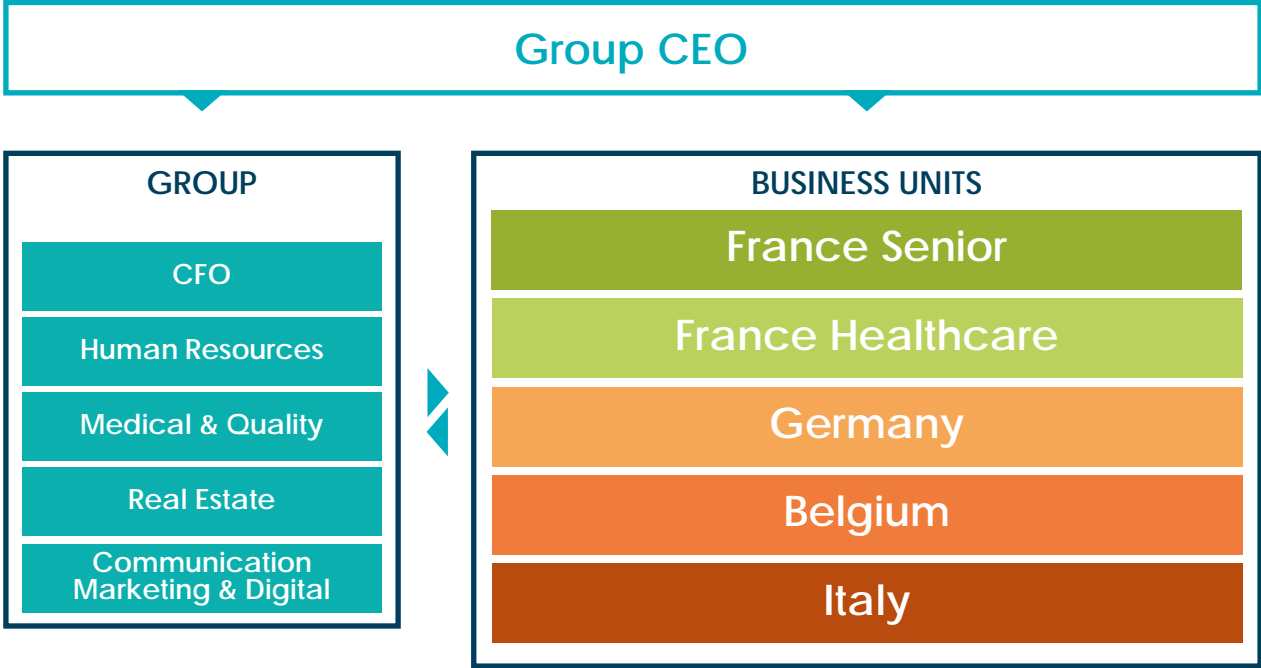
5 EMPOWERED BUSINESS UNITS

- **5 fully empowered BU/country managers** incentivized on strategic plan
- A deliberate option to ensure **closeness and reactivity** with clients and local stakeholders
- **Local entrepreneurship** as a key driver of success

CORPORATE FOCUSED ON 4 PRIORITIES

- Strategic governance
- Risk management & control
- Performance improvement
- Business development and M&A

GROUP ORGANIZATION



INCENTIVIZE



VARIABLE REMUNERATION

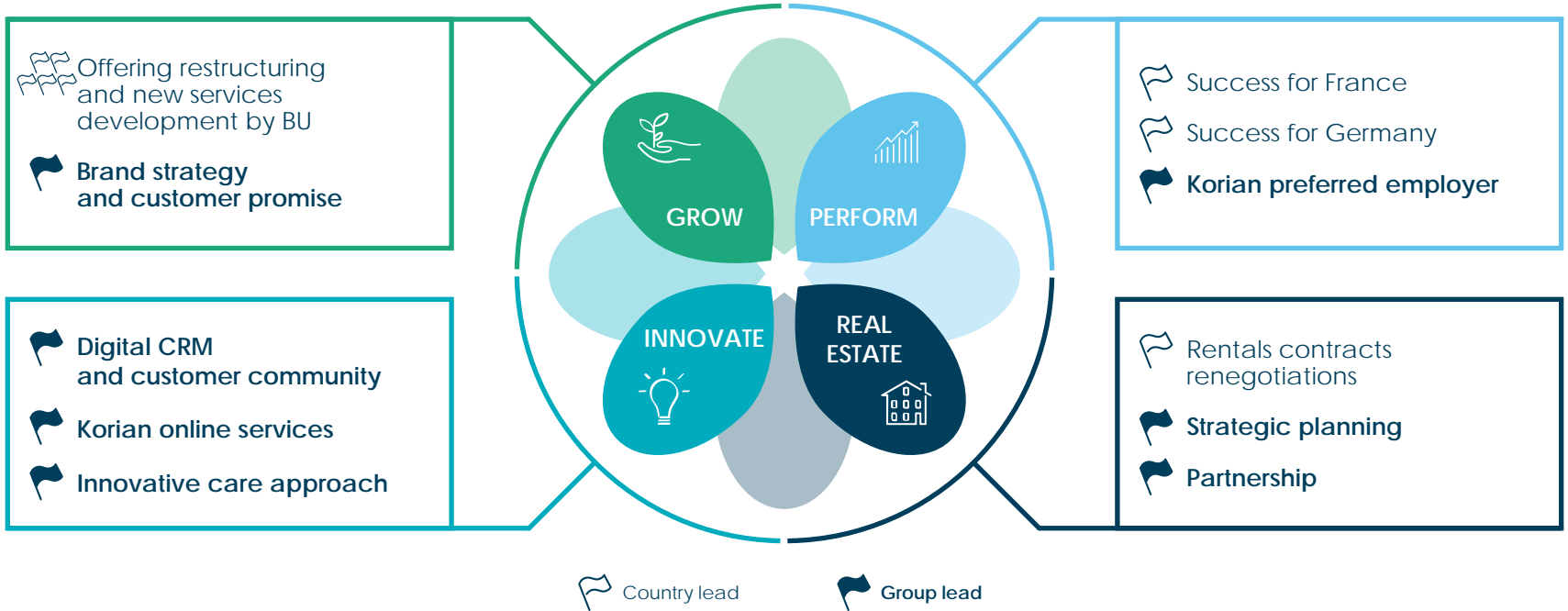
- For all managers
- Including EBITDA and OFCF Generation targets (representing at least 50% of total)
- Variable remuneration from at least 10% of fixed annual salary up to 120% for CEO



LONG TERM INCENTIVE

- For top executives (HQ & countries)
- Based on 3 years rolling targets: revenues, EBITDA, stock price evolution vs SBF 120
- Yearly LTI in shares represents from 50% of fixed annual salary up to 133% for CEO

15 KEY PROJECTS



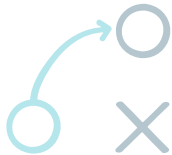
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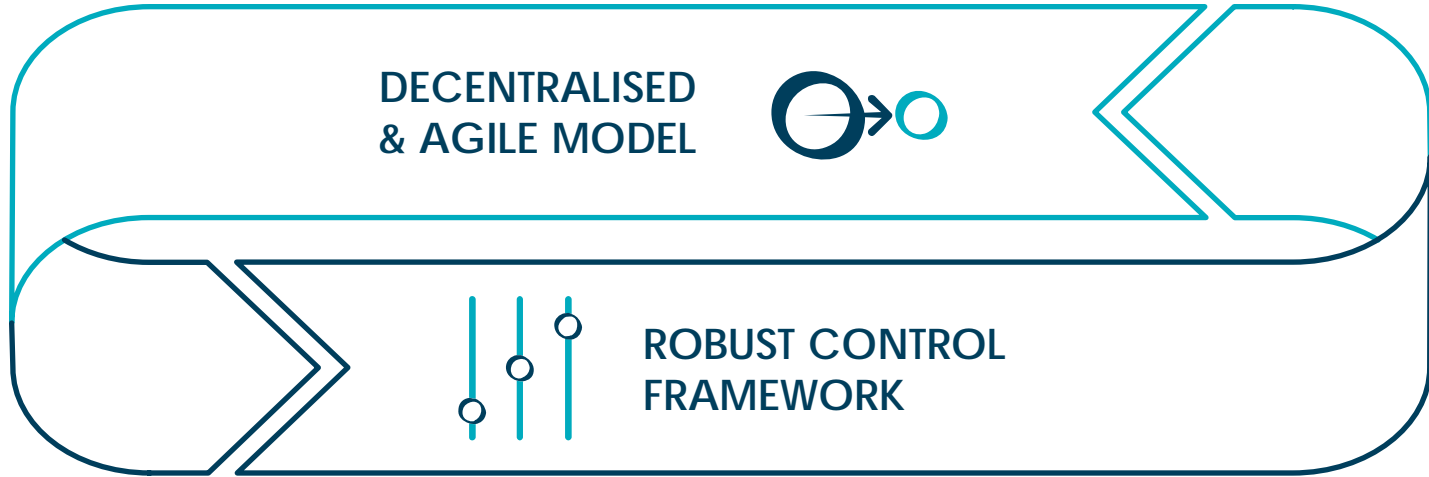


PROCUREMENT MANAGEMENT



IT STRATEGY

CONTROL IS A KEY PRIORITY



REINFORCE CONTROL & FINANCIAL MANAGEMENT



REPORTING & ACCOUNTS

- Formalize & Harmonize KPI's
- New format of the country monthly reporting pack
- Reinforce the reforecasting process
- Improve account closing processes & tools



MANAGEMENT & PROCESSES

- Regular visits and reviews with countries
- New CFO community
- Newly appointed Internal Control & Audit Director
- Start of Procure to Pay IT module deployment in France & Germany



RULES & APPROVALS

- New Group Internal Control Rules
- Group Investment Committee scope extended to new type of commitments (supplier contracts, real estate...)
- Strengthen analysis & authorization process for investment

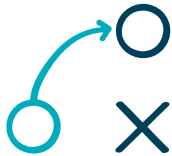
COMPREHENSIVE IMPLEMENTATION PLAN



ORGANIZED TO PERFORM



CONTROL



PROCUREMENT MANAGEMENT



IT STRATEGY

KEY LEVERS FOR PURCHASING SAVINGS

1

LEVERAGE
OUR
BARGAINING
POWER

-
AWARD
MORE NATIONAL
AND EUROPEAN
SUPPLY
CONTRACTS

2

FROM
WHOLESALE
TO DIRECT
MANUFACTURERS
RELATIONSHIP

3

DEFINE
COMPLIANCE
RATE TARGETS
AND IMPLEMENT
CONTINUOUS
MONITORING

4

REINFORCE
CONTROL &
ENGAGEMENT
PROCESS
(STRONGLY
SUPPORTED
BY PTP IT
MODULE)

5

PROMOTE
INNOVATIVE
APPROACHES

ACCELERATE COUNTRIES SYNERGIES WITH A GROUP APPROACH



CATEGORIES ALREADY ADDRESSED WITH MULTI-COUNTRY CONTRACTS

DELIVERED IN 2016

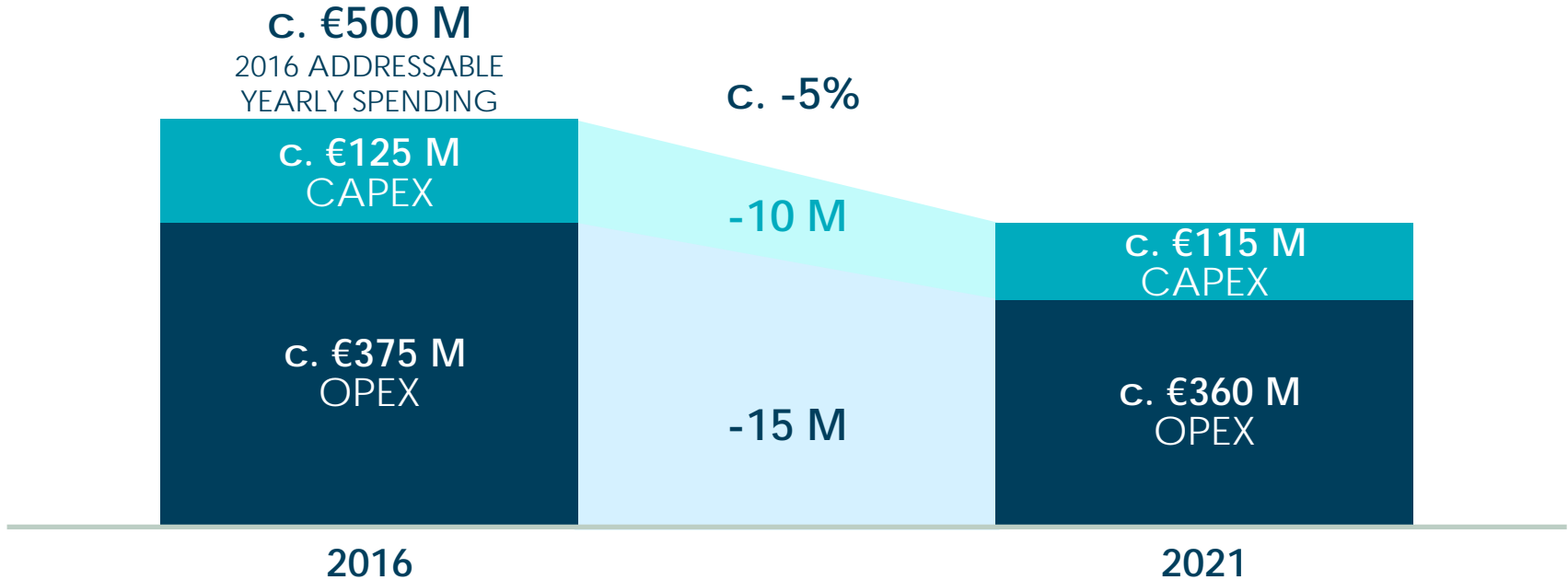
- Hygiene products
- Office supply
- Elevator Maintenance
- PCs
- Printers
- Car fleet
- Cleaning products



CATEGORIES STILL TO ADDRESS WITH MULTI-COUNTRY CONTRACTS

- Uniforms and linen
- Maintenance
- Medical supplies, Oxygen
- Travel Agency
- Food procurement
- Fixtures & fittings (kitchen, laundry, furniture...)
- Heavy equipments
- Small material supply (electrical, plumbing)
- Waste treatment
- IT and Telco
- Dishes

2021 TARGETED ADDITIONAL SAVINGS INCLUDED IN PLAN



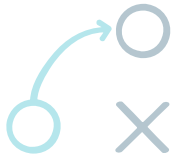
COMPREHENSIVE IMPLEMENTATION PLAN



ORGANIZED TO PERFORM



CONTROL



PROCUREMENT MANAGEMENT



IT STRATEGY

IT STRATEGY

COUNTRIES

KEY PRINCIPLE

1 unique system + 1 set of processes aligned with Group principles

- **Local applications fit well** with local requirements and of good quality (new SAP in Germany...) at decent cost
- **No pay back** to migrate each country into a unique Group set of applications (Finance, HR, Operations, Quality...)
- **Value derived from local optimization**, leverage (finalising Korian Medica merger, aligning German entities) and upgrade
- **A 3 year c. €25 M investment plan**

GROUP

- **Integrated Group reporting module** providing fully detailed situation by country with harmonized KPI's sourced directly from local systems
- **3 specific Group common approach** on CRM / Procure to Pay / Digital
- With a robust **Group "framework"** for IT alignment (security, KPIs, infrastructure compatibility...)



FINANCIAL DISCIPLINE

LEVERS TO MANAGE SUCCESSFULLY OUR 5-YEAR PLAN



CAPITAL ALLOCATION PRIORITIES

OPERATING FREE CASH FLOW (OFCF)

= cash generated from business after maintenance capex, WCR, financial charges & taxes

DEVELOPMENT CAPEX



Invest
in organic growth projects
(Greenfields / Brownfields)

ACQUISITIONS



Priority given to selective
and accretive bolt on

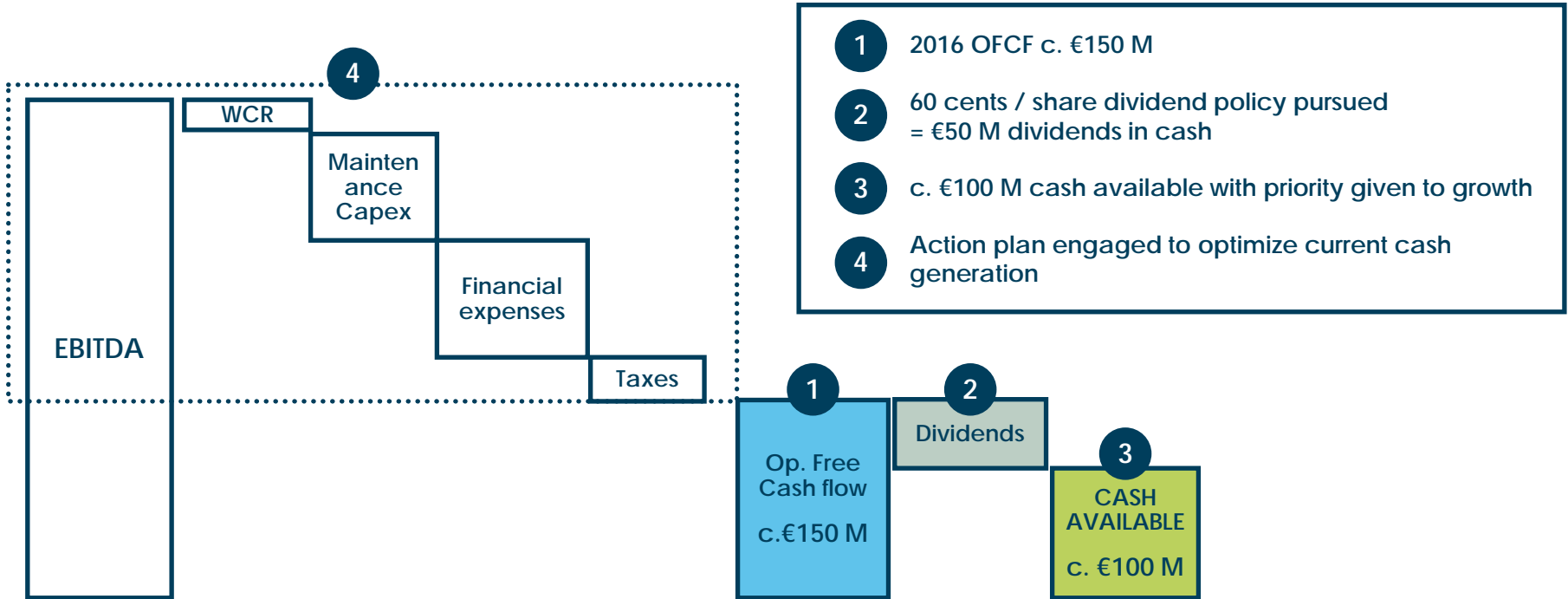
DIVIDENDS



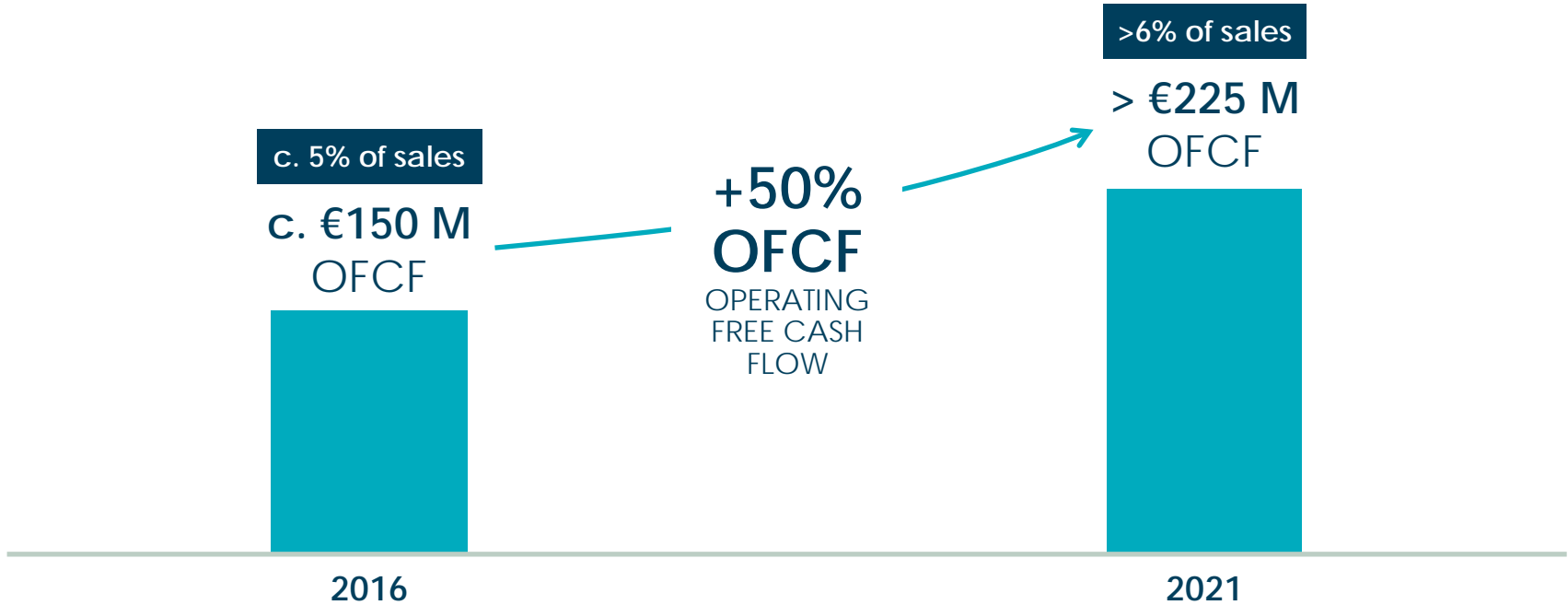
Maintain an attractive
shareholder return policy

STRICT FINANCIAL DISCIPLINE

OUR CASH GENERATION MODEL



IMPROVEMENT OF CASH GENERATION



STRICT DECISION PROCESS FOR DEVELOPMENT INVESTMENTS



CLEAR GOVERNANCE FOR DEVELOPMENT PROJECT APPROVAL

- Group Investment Committee supervised by CEO/CFO for all projects
- Board of Directors Investment Committee & Board of Directors for all projects above €15 M



QUANTITATIVE CRITERIA

- IRR* between 1.5x and 2.0x WACC minimum (depending on risk profile of project)
- ROCE* year 3 > WACC

* After tax

STRICT FINANCIAL DISCIPLINE



Korian's financial resources allow to deliver the objectives of the 5-year plan



Heading to restated leverage* of c. 3.5x by 2021

* = (Net Debt – Real Estate Debt) / (EBITDA – (6.5% x Real Estate Debt))



CAPITAL MARKET DAY

September 15th, 2016

CONCLUSION



KEY TAKEAWAYS



Grow our market share in European senior care services market



Develop innovative joined-up approach to answer client choice & autonomy



Leverage our expertise in care and our unique facility network through Korian's brand reputation



Manage performance to deliver best in class profitability and create value for our shareholders



OUR AMBITION: BE THE EUROPEAN LEADER IN SENIOR CARE SERVICES
