



Press Release

Nantes, 7 November 2023 at 6pm

## Third quarter 2023

### 9-month operating sales: €533.7m

Organic growth of +5.0% in the 3<sup>rd</sup> quarter and +5.9% year-to-date

### Solid outlook confirmed

Operating revenues of €720m, with organic growth of close to 6.0%.

Operating profit expected to remain stable in a context of high inflation

*"In a constrained and highly sensitive environment, LNA Santé is maintaining its strategic priorities, while remaining anchored in its values and long-term vision.*

*Given the doubts being expressed about an entire industry, it may nevertheless be useful to set the record straight on a few simple facts.*

*First and foremost, the healthcare professions will remain future-oriented activities for a long time to come. Who would accept a decline in the use of healthcare in the future, when medical progress and our society's ability to cope better with illness and ageing mean that everyone can look to the future with greater confidence? More than ever, health remains the primary concern of all our fellow citizens.*

*Secondly, sudden changes in the economy (inflation, credit restrictions and high credit costs) have a brutal impact on service activities, especially those that are labour-intensive and investment-intensive, and subject to pricing administered by the public authorities. It is one thing for the State to be slow to react to the jaws effect that is penalising an entire sector, with expenditure (salaries, energy, etc.) rising faster than rates; it is another thing altogether for it to allow this economic hardship to continue.*

*Thirdly, the healthcare sector is in need of far-reaching reform, since the facts are clear (insufficient prevention, high costs, inequality of access, clogged emergency departments, need for specialisation, complexity of pathways, lack of relevance and efficiency, loss of attractiveness of professions), and require the courage to act, to cooperate and to devise a new organisation; building it in consultation with the insured and all the players in the healthcare system.*

*What's more, given the essential nature of the services it provides, the healthcare sector needs strong, independent regulation that is free from prejudice, that properly monitors all the players involved, that objectively assesses the effectiveness of the healthcare system and that has the capacity to impose effective penalties.*

*Each and every one of us can play a part in this transformation.*

*In the light of these changes, new opportunities will present themselves for operators, whatever their status, who are able to combine vision, the relevance of their services, quality of execution, financial autonomy and the ability to develop through transformation and mergers, by stimulating cooperation and innovation in the service of local health issues.*



*Finally, with regard specifically to our portfolio of establishments, their occupancy rate remains at a high level, confirming the momentum of our network. Subject to the aforementioned pricing constraints, sales for the 3<sup>rd</sup> quarter are solid, enabling us to move closer to our annual targets for 2023 in terms of revenue, operating performance and debt, while awaiting the final picture for the final quarter, which got off to a good start".*

**Jean-Paul Siret - Chairman**  
**Willy Siret - Managing Director**  
**Damien Billard - Chief Financial Officer**

<i>In millions of euros</i>	Q3 2023	Q3 2022	Var.	9 months 2023	9 months 2022	Var.
<b>Operating sales</b>	<b>176.6</b>	<b>169.7</b>	<b>+ 4.1%</b>	<b>533,7</b>	<b>504,3</b>	<b>+ 5,8%</b>
<b>Organic growth</b>			<b>+ 5.0%</b>			<b>+ 5,9%</b>
<b>Medical-social sector France *</b> <i>of sales Operating</i>	<b>70.9</b> 40%	<b>67.0</b> 39%	<b>+ 5.8%</b>	<b>211.5</b> 40%	<b>199.6</b> 40%	<b>+ 6.0%</b>
<b>Healthcare France **</b> <i>of sales Operating</i>	<b>94.8</b> 54%	<b>93.0</b> 55%	<b>+ 1.9%</b>	<b>290.5</b> 54%	<b>276.8</b> 55%	<b>+ 4.9%</b>
<b>International sector Business ***</b> <i>of sales Operating</i>	<b>9.5</b> 5%	<b>8.5</b> 5%	<b>+ 11.3%</b>	<b>27.4</b> 5%	<b>24.1</b> 5%	<b>+ 14.0%</b>
<b>Other sectors Operations</b>	<b>1.5</b>	<b>1.2</b>	<b>N/S</b>	<b>4.3</b>	<b>3.8</b>	<b>N/S</b>
<b>Real estate sales</b>	<b>7.0</b>	<b>9.3</b>	<b>- 24.6%</b>	<b>13.6</b>	<b>34.7</b>	<b>- 60.7%</b>
<b>Total</b>	<b>183.6</b>	<b>179.0</b>	<b>+ 2.6%</b>	<b>547.3</b>	<b>538.9</b>	<b>+ 1.6%</b>

*Data not audited by the statutory auditors*

\* Médico-Social France: Nursing Homes (EHPAD) in France

\*\* Healthcare France: Medical and rehabilitation care (SMR), psychiatric clinics, surgery and HAH in France

\*\*\* International Business line: Nursing Homes (MRPA) in Belgium and clinics in Poland

## Occupancy rate up

In the 3<sup>rd</sup> quarter of 2023, the average occupancy rate represented 95% of nursing home capacity, a one-point improvement on the 2<sup>nd</sup> quarter of 2023. In the Elegance range, the occupancy rate exceeded 94%, with growth particularly in the PACA region thanks to ongoing marketing efforts. In the Comfort range, the occupancy rate was 97%, stable compared with the previous quarter.

In medical and rehabilitation care (SMR) and psychiatry in France, occupancy slowed over the 3<sup>rd</sup> quarter, while remaining close to full capacity. This is primarily due to the temporary suspension of activity over the summer in the face of staff shortages, and a reduction in referrals from hospitals, which are facing the same difficulties. It is also the result of a major programme of extension work at a rehabilitation clinic and the end of government funding guarantees for the few clinics that benefited from them.

Hospitalisation at home activity remains dynamic, with an average of 861 patients cared for over the 3<sup>rd</sup> quarter 2023, a level comparable to the 2<sup>nd</sup> quarter. It benefits from the expertise of the medical services provided, as close as possible to the needs of healthcare regions.

In Belgium, nursing homes (MRPA) occupancy improved by 4 points to 94% compared with the previous quarter, with a sharp rise in occupancy in Brussels, in a still tough competitive environment.

The occupancy rate for facilities at cruising speed, excluding home hospital care, was 98% in the 3<sup>rd</sup> quarter of 2023, stable compared with the 2<sup>nd</sup> quarter of 2023.

## Continued growth in Operations

At the end of the first 9 months of the 2023 financial year, LNA Santé's operating revenue totalled €533.7m, up 5.8% compared with the same period in 2022, including 5.9% organic growth.

In the 3<sup>rd</sup> quarter of 2023, LNA Santé's operating revenue totalled €176.6m, up 4.1% on the same period last year, including 5.0% organic growth and -0.9% external growth, due to the disposal of a surgical facility at the end of the 3<sup>rd</sup> quarter of 2022.

- Revenue from **nursing homes (France)** came to €70.9m in the 3<sup>rd</sup> quarter of 2023, up 5.8% year-on-year on a purely organic basis thanks to improved occupancy rates and the pricing campaign. It breaks down as follows:
  - At €59.0m, business at **Elégance range** was up 6.1% on the 3<sup>rd</sup> quarter of 2022,
  - **Comfort range**, with limited accommodation prices, reported sales of €11.9m, up 4.2%.
- **Sales in the Sanitaryware France** segment rose by 1.9% to €93.0m in the 3<sup>rd</sup> quarter of 2023. Organic growth accounted for 3.6% of this increase. It was driven by the following contributions :
  - **Medical and rehabilitation care (SMR)** generated €72.1m of business in the quarter, down 3.0% on the 3<sup>rd</sup> quarter of 2022, mainly due to external factors following the sale of a surgical facility at the end of 2022,
  - **Hospitalisation A Domicile (HAH) facilities** generated sales of €22.7m in the 3<sup>rd</sup> quarter of 2023, up 21.8% on the same period a year earlier, of which 18.7% was organic growth, three quarters of which was based on volumes,
- The **International Business** sector posted sales of €9.5m in the 3<sup>rd</sup> quarter of 2023, an increase of 11.3% purely on an organic basis compared with the 3<sup>rd</sup> quarter of 2022, broken down as follows:
  - **Nursing homes in Belgium** generated sales of €8.3m over the quarter, up 9.6% on the same period last year, thanks to an increase in occupancy rates and the inclusion of new contractual wage measures in the INAMI care tariffs,
  - **Polish clinics** reported sales of €1.2m for the quarter, up 23.5% on the same period last year.

## Real Estate activity

**Real estate** sales totalled €13.6m in the first nine months of 2023 (including €7.0m in the third quarter), reflecting the completion of construction sites for a specialised rehabilitation care center in Meaux and an Elégance nursing home in Pessac, as well as the sale of lots under the furnished rental scheme for extensions to a rehabilitation care center in Romainville and a nursing home in Les Sables d'Olonne.

## Solid outlook confirmed

With an authorised bed base of 10,305 beds, of which 9,390 are in operation, of which 8,376 are fully mature, the Group has a base of 1,929 beds, which will be brought up to LNA Santé standards, providing a vector for embedded growth, excluding new external growth.

In the short term, the Group's growth momentum is set to continue in all its business lines over the course of the 4<sup>th</sup> quarter. In particular, the French long-term care sector should see continued growth thanks to rising occupancy rates and changes in tariffs. The French healthcare sector should also benefit from the



dynamic performance of homecare facilities, and from the expected strengthening of business at SMRs and psychiatric clinics.

Based on the results for the first 9 months of 2023 and the outlook for the fourth quarter, LNA Santé should be close to its forecast of 6.0% organic growth, with operating sales of €720m.

**Next publication:**

**Full-year sales for 2023 will be published on 6 February 2024 at the close of trading.**

**About LNA Santé:** *as a family-run business, we care for people in need, for them and their carers, for professionals and for our environment, by stimulating cooperation and innovation to meet the health challenges facing our regions.*

For more information, please consult the website: [www.lna-sante.com](http://www.lna-sante.com)

LNA Santé shares are listed in compartment B of Euronext Paris.

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**Shareholders' Helpline (Tuesdays and Thursdays from 2pm to 4pm): 0 811 04 59 21**

**Glossary**

The **cruising regime** 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).

**Organic sales growth** corresponds to the change in sales :

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