

Press Release

Nantes, 13 September 2018

LNA SANTE presents its strategic business plan Growing Together 2022

Become the leading independent player in the transformation of the health offering

We have a collective aim for LNA Santé and its teams.

- **An integrated operator in the sectors**, involved in the transformation of the health offering,
- **A service offer involving substantial medical expertise** covering the fields of hospital care at home, rehabilitation services and accommodation in retirement homes,
- **A committed player in medical research and clinical studies**,
- **A player acclaimed on the rating websites** with a digital platform that is easy to use,
- **A business model based on standards** and **expert business** information systems,
- **An employer recognised for its professionalism, values and positive treatment.**

Clear objectives:

- **a total number of 10,850 beds by 2022, with 9,000 employees**,
- **operating revenue > €625m and organic growth of 3.5% to 4.5% per year**,
- **total number of beds in established facilities increased to 8,900 beds**,
- **net margin > 5% of Operating revenue**,
- **results-based dynamics with a policy of progressive distribution.**

On 13 September 2018 LNA Santé announced its strategic business plan Growing Together 2022, covering the period 2018-2022.

“Our strategic business plan Growing Together 2022 is based on a very long-term view, reflecting our family-based and entrepreneurial governance. We are carrying out a transformation our Group and its healthcare offering, that will last well beyond the next five years.

In the healthcare world which is undergoing massive changes, our aim is therefore to create a new and lasting growth and performance trend.

To meet this challenge, we will use our ability to anticipate market trends and innovate to improve the quality of life of our patients and residents, and make this a differentiating advantage.

Our business model has shown its strength since the creation of the Group more than 25 years ago. Our identity is built on the commitment of our teams, excellence, proximity, innovation and modelling in support of the business lines. It enables us to be recognised for the relevance and expertise of our solutions to healthcare requirements and our ability to transform the healthcare offering.

Relying on the coherence and openness of our three business lines, our aim focusses on six operational priorities for the next five years:

- *Increase the attractiveness of the company and the LNA Santé employer brand,*
- *Develop operational management and managerial dynamics,*
- *Innovate in the medical offerings and make the customer experience central to our decisions,*
- *Accelerate the setting up of new sites and synergies between establishments in the regions,*
- *Firmly establish the Group's reputation as a recognised player in the transformation of the offering,*
- *Enhance the information systems to assist the business lines and the customer experience.*

Thanks to the success of the 2013-2017 plan, as well as the dedication and talent of our teams and the trust of our partners, the LNA Santé group is starting out on a new virtuous growth path. It must be a source of progress and meaningful for all of the stakeholders, with the aim of establishing LNA Santé's position as the leading independent player in the transformation of the healthcare offering. "

Jean-Paul Siret – Chairman and Chief Executive Officer

The Group is entering a new stage

LNA Santé has achieved the main objectives of its first strategic business plan for 2013-2017, and is now:

- **stronger**, with stable governance, family shareholders, manager shareholders and the support of industrial families, with a controlled-risk approach,
- **more resilient**, thanks to a larger number of established facilities and optimised capex,
- **more agile**, with a networked organisation, clear delegations of powers and local-level management,
- **more responsible**, by sharing its values to achieve a common aim.

As a result, the group is ready to contribute to the transformation of the healthcare offering in its territories.

Major challenges, high aims

In the context of the continuous ageing of populations due to the arrival of the baby boomers and the increase in life expectancy, and the resulting prevalence of chronic diseases, **it is becoming absolutely essential to develop the ALF offering.**

At the same time, new surgical techniques, more specialised care pathways and increasingly complex methods of providing healthcare argue in favour of a **more technical, modular and efficient aftercare and rehabilitation offering**, with an **acceleration of the switch to outpatient care and increased use of hospital care at home.**

These major challenges for the public authorities, supported by the vast majority of patients who are better informed and more demanding, represent opportunities for LNA Santé. They should enable the Group to become the **leading independent player in the transformation of the healthcare offering**, by relying on what makes it different:

- A range of services organised into **small living or healthcare units** with local management,
- In **high capacity** establishments to provide expertise and support performance,
- **Segmentation of the offering** in line with the needs of the clients and their carers,
- **Synergies between the business lines** for each of our healthcare regions,
- **Know-how** that always gives priority to insourcing over outsourcing,
- **Experience** of complex restructuring acquired in all areas.

Meet the challenges, increase our influence

The Group is convinced that the success of its transformation depends on the ability of each of the business lines to meet the internal challenges and public healthcare issues, which are a source of long-term progress and growth:

- **Expand the ALF base by strengthening** our medical expertise (geriatric assessment, therapeutic education, telemedicine, night care, help for carers) and by promoting the **Comfort ALF solution**.
- **Increase the specialisation of aftercare, by transforming the existing facilities**, developing medical expertise and **modelling pathways** within and outside the establishment.
- **Increase efforts for hospital care at home** by deploying the hospital care at home standard and information system, organic deployment of the activity, and using the logistics lever.

Enhance growth, achieve performance

By overcoming these business challenges, the Group will continue its long-term growth path by:

- **increasing the size of its network**, with the target of extending it from 7,200 to 10,850 beds in operation in 2022, with a **secure deal flow of 1,000 beds already** and as a backdrop, **denser geographical coverage**,
- **transferring 2,750 beds into established facilities**, of which 1,750 are known and planned (i.e. over **60% of the transformation plan**),
- **exploiting the margin potential** of the beds resulting from restructuring with a normative **EBITDA margin of more than 12% of revenue for a total 8,900 beds in established facilities**,
- aiming for a **net margin of more than 5%**, and free cash flow of more than 5% of operating revenue.

LNA Santé 2022, a radical and secure transformation

The Group has three important levers for successfully completing the Growing Together 2022 plan. With a **stronger capital structure** after the 2013 - 2017 plan, mobilisable acquisitions represent a total of €155m financed by a free cash flow of over €100m and unused drawdown facilities of at least €75m.

These levers, which are essential to carry out the Group's six strategic priorities, make it totally confident that it will successfully complete its business plan.

LNA Santé will announce its revenue for the third quarter of 2018 on Tuesday 6 November 2018 after the stock market closes.

About LNA Santé: With more than 25 years of experience, LNA Santé plays an important role at the local level to improve the quality of life for temporarily or permanently dependent people, offering them a welcoming and caring environment adapted to individual needs, regardless of age.

The LNA Santé share is listed on Euronext Paris, compartment B.
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Glossary:

Established facilities: beds that comply with the LNA Santé operating model (quality of care, target size of the establishment, new buildings, management trained and involved, efficient organisation).

Organic growth in revenue: variation in revenue:

- between N-1 and N for facilities existing in N-1;
- between N-1 and N for facilities opened in N-1 or in N;
- between N-1 and N for facilities restructured according to LNA Santé specifications or whose capacity increased in N-1 or in N;
- in N, compared with the equivalent period in N-1 for facilities acquired in N-1.

Capex: Sustaining capital expenditures, excluding investments to develop new activities and real estate assets for sale.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

Current Operating Margin: Current operating income as a percentage of revenue.