



Press release

Nantes, 31 March 2021 at 6 p.m.

## **LNA SANTE**

A family-owned company that is run as such  
“Treatment and care”

## **COVID-19**

*The health-crisis situation has stabilized  
thanks to the vaccination of 87% of our residents*

## **Operational beds**

*Growth of network from 1 239 beds (+15.8%) to 9 104 beds  
Structural acquisition of the Clinique Développement Group*

## **Activity**

*Revenue from Operations 2020: +10.3% (€521.5M)*

*Acquisitions at +7.7%*

*Robust organic growth of +2.6%*

## **Results**

*EBITDA up 3.8%, stable with IFRS 16 reclassification*

*EBITDA margin<sup>1</sup> resiliently steady at 11.8%*

*Net COVID-19 impact: -€23.1M*

*recognized in operating income (-32%)*

## **Financial structure**

*Managed leverage at 2.48*

*Operating cash flow up 19%*

*Structuring of new financing in Q2 2021*

**2021 revenue: €625M, +20%**

“Faced with the challenge of an unprecedented pandemic, the LNA Santé Group was relieved to turn the page on a 2020 that was difficult in every way for our residents and patients, their loved ones, and, of course, for our teams that work daily to provide treatment and care, teams we greatly appreciate for their commitment.

At the close of this particularly unusual year, which has been nothing like any other year, marked by both the heavy consequences of the COVID-19 pandemic and the largest acquisition in the Group’s history, the

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<sup>1</sup> Excluding IFRS 16



resilience of LNA Santé's activities reflects the relevance of its work that is imbued with strong values and unique features.

The first item of note from this time of crisis is how it revealed the intrinsic qualities of a highly medicalized healthcare offer, which is a pillar of LNA Santé's corporate vision.

Medical expertise, the quality of care and therapeutic innovation have been at the core of the plan for each of our facilities from the beginning.

So, yes, the COVID-19 pandemic confirmed our choices and investments in the complementarity of our businesses and their synergies, the modelling and medicalizing of our services, the concentration of different types of expertise within very structured facilities and the distinctive advantage of being invested in supporting public policies transforming the healthcare sector. It is a long and difficult path, but arguably provides a certain protection from external shocks.

That being said, we are also a demanding family business that cares about the quality and longevity of our operations, and takes responsibility for building its humanistic culture and managerial style, all while paying attention to new directions and changes in healthcare. Of course, we cannot do this alone or take credit alone. One of our unique features is that we combine energies and expertise with multiple supports, while leaning toward evolution of our offer and adding a heavy dose of pragmatism in our execution. We are fully confident in our ability to provide positive solutions in close cooperation with territorial health officials, which sometimes requires a rebuilding from the ground up and total invention. It is an exciting challenge to take on together, and its first merit is that it guides and sets the tone for the Grow Together strategic plan for all those involved."

***Jean-Paul Siret – Chairman and CEO***

***Willy Siret – Chief Operating Officer***

***Damien Billard – Chief Financial Officer***

## **MANAGEMENT OF THE COVID-19 EPIDEMIC**

### **Vaccination campaign and relaunching of activities**

The success of the vaccination campaign, as measured by the protection of 87% of residents after two injections, along with strictly following the protocols in place and the exemplary work of our teams, is accompanied by a net reversal of the epidemic in LNA Santé's retirement homes, 95% of which no longer have any positive cases.

Accordingly, now that we are in early 2021, the public-health situation allows us to be relatively optimistic without in any way easing up. We know it will still take time before our facilities can return to normal operations.

In light of the vaccination progress, the Group is starting up its activities again and slowly ramping up its business, region by region.

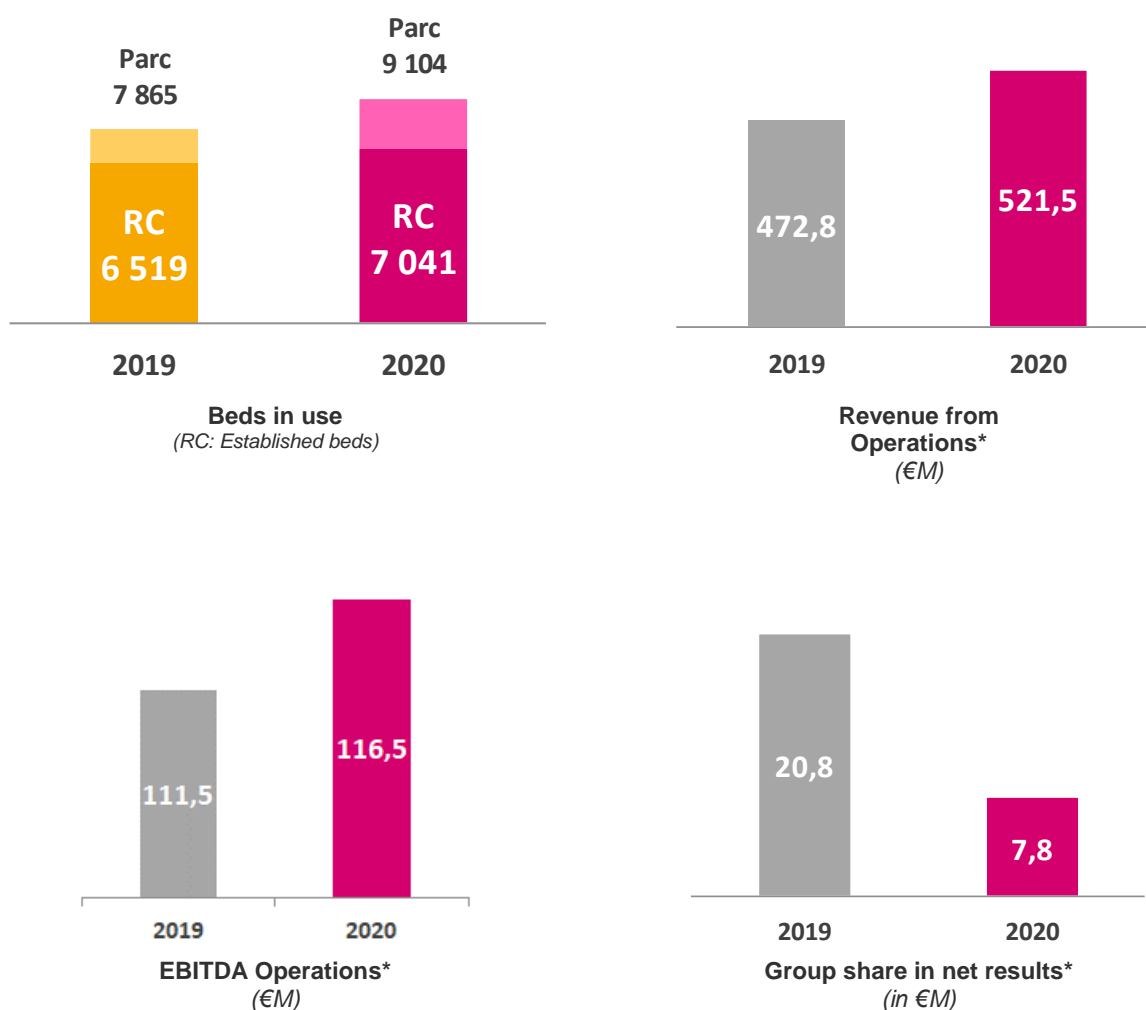
To date, average occupancy during the first quarter of 2021 is estimated to be at 89% of capacity in long-term care facilities (LTCF) compared with 94% one year ago, i.e., a drop of 5 points, with an occupancy rate of 92% for our Comfort line and 88% for our Elegance line. In Belgium, occupancy was at 82% compared with 90% for the first quarter of 2020. For psychiatric clinics and rehabilitation services, occupancy was down 9 points at 84.5%, mainly due to the cancellation of hospital surgeries and the slowdown in follow-up care to one-day hospitalization activities, it being specified that a portion of this delayed activity will be compensated

by the government during the first half of 2021. As regards hospital-at-home services, the number of daily patients admitted for care was at 700, up a healthy 20% for the year.

In response to a situation of underperformance for the activities in institutions (LTCF/follow-up care), LNA Santé's teams worked to prepare and implement marketing action plans and actively contribute to the relaunching of activities throughout the 2021 financial year.

## 2020 RESULTS

The Board of Directors of LNA Santé, a local and global provider of healthcare, held a meeting chaired by Jean-Paul Siret on 30 March 2021 and approved the consolidated annual accounts for 2020.



\*Data currently being audited by the statutory auditors

At the end of 2020, the inventory in use, including beds undergoing restructuring, represented, 9 104 beds, spread throughout 80 facilities. It was expanded by 1 239 beds in 2020, with, in particular, the acquisition on 1 December of the Clinique Développement group, a top-tier healthcare provider in Normandy.

The inventory is made up of 7 041 “established” beds, up 8% for the year, in line with the transformation plan. These beds meet all LNA Santé standards and are the foundation of the Group’s operating excellence and economic performance.

| IFRS<br>In €M                                 | OPERATIONS  |             |                | OPERATIONS + REAL ESTATE |             |
|---|-------------|-------------|----------------|--------------------------|-------------|
|   | 2020        | 2019        | Var.           | 2020                     | 2019        |
| Revenue                                       | 521.5       | 472.8       | +10.3%         | 573.9                    | 527.9       |
| EBITDA  | 116.5       | 111.5       | +4.5%          | 118.2                    | 113.9       |
| EBITDA margin as % of revenue                 | 22.3%       | 23.6%       | -124 bp        | 20.6%                    | 21.6%       |
| Current operating income                      | 51.4        | 53.7        | -4.2%          | 51.4                     | 55.1        |
| <b>Operating income</b>                       | <b>37.9</b> | <b>55.4</b> | <b>-31.6%</b>  | <b>37.1</b>              | <b>54.5</b> |
| Financial income                              | - 17.6      | - 17.2      | +2.2%          | - 18.4                   | - 18.1      |
| Pre-tax income                                | 20.3        | 38.2        | -46.9%         | 18.6                     | 36.4        |
| <b>Group’s share in net income</b>            | <b>9.2</b>  | <b>22.4</b> | <b>- 58.8%</b> | <b>7.8</b>               | <b>20.8</b> |
| Group’s share in net margin (as % of revenue) | 1.8%        | 4.7%        | -297 bp        | 1.4%                     | 3.9%        |

Data currently being audited by the statutory auditors

## 2020 activity

Total revenue for the 2020 financial year amounted to €573.9M, up 8.7%. **Operations activity** amounted to **€521.5M, up 10.3%** for the financial year, confirming a robust **organic growth of 2.6%**, and sustained external growth of 7.7%. After an activity low in the second quarter of 2020 at +0.7%, organic growth accelerated during the second half of the year to reach +3.4% during the fourth quarter, showing the resiliency of our business.

Real-estate activity posted €52.4M for the year, in line with the delivery schedule despite a slowdown during the second quarter, at the height of the pandemic. 2020 ushered in the opening of an Elegance LTCF in Amiens and a follow-up care clinic in Achères, as well as the marketing of the construction plan for the Comfort LTCF in La Queue-en-Brie delivered at the end of 2019. It also included the renovation of two Elegance LTCFs.

## Resilience of operating margins

As regards the Group’s results, it should first be noted that the **extra costs due to COVID-19** represented a total for the year of **-€7.3M** in non-recurring charges **in the operating income**. They therefore do not affect the EBITDA and current operating income indicators.

**EBITDA** for **Operations** amounted to €116.5M, **up 4.5%**. The EBITDA margin fell 124 basis points to 22.3% of revenue.

These changes in 2020 included the unfavorable impact **of the loss of business partially covered by government guarantees**. They concern a significant of the intake restrictions for LTCFs and the lack of

admissions for follow-up care due to the cancellation of hospital surgeries and the drop in on-day hospitalizations, **evaluated** as a gross amount in the revenue at a total of -€20.0M and **as a net amount in the EBITDA at -€15.8M**. Restated without these, EBITDA amounts to €132,4M and the EBITDA margin represents 24.4% of revenue, up 86 basis points for the year.

- The EBITDA margin for the LTCFs in France represented 25.6% of the revenue and showed a variation of -260 basis points for the year, mainly due to stopping day visits and the postponement of marketing during the pandemic; without the loss of activity, the drop is limited to -35 basis points.
- The EBITDA margin for the Belgian nursing homes, in a period affected by COVID-19 and a highly competitive environment, was of 20.4%, down 75 basis points compared with 2019.
- The EBITDA margin for the health sector was of 18.5% of revenue, up 29 basis points, and 225 basis points when removing the effect of activity loss. The very good performance of the hospital-at-home activity, thanks to volume, offset the small drop in the follow-up care margin of 105 basis points, affected by the pandemic (closing of outpatient hospitals and fewer admissions).

**Established facilities** posted an **EBITDA margin of 24.8%** (11.8%, adjusted to allow for IFRS 16 impact), compared with 5.1% for facilities undergoing restructuring (-0.4%, adjusted for IFRS 16). This historic difference of 20 points (12 points, adjusted for IFRS 16) shows the resilience of facilities that follow LNA Santé standards and the lever of the transformation of the Group's inventory of facilities.

**Current operating income from Operations** was of **€51.4M**, down **4.2%**. The current operating margin for Operations fell 1.5 points, to a solid 9.9%. **Adjusted to reflect activity loss, the margin was up 107 basis points at 12.4%**.

As a result of the **non-recurring expenses in connection with the pandemic of -€7.3M** (special bonuses paid to employees, additional healthcare workers, higher cost of protective equipment and other consumable supplies) that the Group reported in detail, **the operating income from Operations fell 32% to €37.9M**.

**Financial income** was rigorously **managed, amounting to -€18.4M** in 2020 compared with -€18.1M in 2019, i.e., a variation of +2.1%.

The income-tax expense shows a rate of 54.7% (compared with 40.5% the previous year). This **higher tax rate is attributable** to the one-off drop in pre-tax income combined with **the increase in company value-added contribution (CVAE)** (classified as a tax), which is not sensitive to the overall decrease in income. The CVAE thus represents close to 40% of the tax burden at 22 points, for an additional tax contribution of 12 points compared with the previous year. It should be noted that this effect will completely disappear in 2021 with the expected increase in consolidated income and the decrease in the CVAE by half.

In an environment made challenging by the COVID-19 pandemic, which weighted on the year's activity and expenses, **the Group's share in net income was of €7.8M**, down €13.0M for the year. The net margin represented 1.4% of revenue, compared with a net margin of 3.9% the previous year.

### **A flexible financial structure after the acquisition of Clinique Développement**

**Free cash flow** (representing flow of activity less non-development investments and the financial expenses paid) amounted to €62.8M at the end of 2020, **up 87% in one year and +19% after adjusting for one-off transactions** involving the WCR and other non-recurring cash flows in 2020 (COVID-19 expenses).

As at 31 December 2020, other than the reporting of rent obligations as per IFRS 16, net financial debt was of €358.6M. As a result of the acquisition of the Clinique Développement group, net debt increased by €151.6M.

**Operating leverage** thus changed from 1.20 to 2.48, and remained well under the covenant of 4.25 set for the syndicated loan. Without the acquisition of Clinique Développement, the lever would have been down, at less than 1.0. The post-acquisition Operations Gearing represented less than 50% of equity, with authorization for 125%.

The **net cash available** at the closing of the accounts was at a comfortable level, at €120.9M.

## Proposed dividend

In accordance with a distribution policy that aims to be gradual and in line with results, the payment of a dividend of €0.20 per share will be submitted at the next General Shareholders' Meeting that is to be held on 23 June 2021. It represents a distribution rate of 25%, with three-quarters of the results thus being reinvested in the Group's structuring projects and the development of its activities.

## Prospects for 2021

**Established inventory was increased by 816 beds** on 1 January 2021, bringing full capacity to 7 857 beds meeting LNA Santé standards.

The Group also acquired the La Brière psychiatric clinic in Guérande on 25 February 2021, making La Brière the Group's second psychiatric facility, with a capacity of 88 beds and places. **As of 31 March 2021, established inventory therefore reached 9 232 beds and places.**

On the other hand, subject to the plan's approval by the labor department, the Group plans to cease activities at its Centre Médical Infantile des Oiseaux, located in Sanary sur Mer (Var), which has a capacity of 115 beds and places. This plan to cease activities is due to an accumulation of major operational difficulties over several years, made worse by the pandemic, because of an intake/care model that does not line up with the Health Authorities' guidelines and the facility's heavy economic and structural imbalance. The Group is committed to ensure the best possible support and assistance for the health professionals concerned and the young patients.

Based on the proportion of 15% of the inventory being restructured, i.e., 1 375 non-productive beds and 275 beds to be installed (plus the planned expansion of 850 beds), LNA Santé therefore has in its existing inventory **a reserve of 1 650 secured beds** (2 500 beds, with targeted projects) that will support organic growth and reinforce base income in the coming financial years. The past performance of the established facilities and their resilience during the pandemic points to the EBITDA growing at pace with acquisitions and transformations to established beds and facilities.

**On order to reinforce its financial structure** after the acquisition of the Clinique Développement group, complete the transformation plan for the existing inventory and seize development opportunities, **the Group will be having in-depth discussions with its lending partners** during the second quarter of 2021. This will make it possible to anticipate financing needs for growth, to increase liquidity and average maturity of financial debt, all while reviewing loan documents to adapt them for the Group's new make-up and development ambitions.

After activating a significant and generous safety net to absorb the economic shock of 2020, accelerate the relaunch of activities and pursue the transformation of its offer, **LNA Santé is positioned and ready to deliver a 20% growth in activity, to €625M in 2021**, along with a significant rebound in operating performances. While remaining loyal to its strategic guidelines, **the Group henceforth intends to intensify and pursue its economic recovery in 2021** by remaining frugal, energetically relaunching its activities and, finally, prioritizing actions focused on the value of the services provided to all our clients.



Once the worst of the crisis is behind us, **all the Group's businesses will be buoyed by positive trends**. In the short term, this means regaining occupancy numbers. In the medium term, this would be pursuing the transformation of existing inventory. In the longer term, this is our ability to put together sectoral and regional projects to further our reaffirmed ambition to be **a key player, independent and family-operated, and an expert in the transformation of healthcare services**.

**Next press release:  
Revenue for the first quarter of 2021, 4 May 2021, after market close**

**About LNA Santé:** Thanks to over 30 years' experience, [LNA Santé](https://www.lna-sante.com) is an integral part of the healthcare landscape, aiming to improve quality of life for people who are temporarily or permanently weakened by providing a welcoming and caring environment adapted to each person and every age.

More information: [www.lna-sante.com](https://www.lna-sante.com)

LNA is listed in Compartment B of Euronext Paris' Eurolist.  
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**Webcast on Thursday, 1 April 2021, at 4 p.m. CET**

On Thursday, 1 April 2021, Jean-Paul Siret, Chairman and CEO, Willy Siret, Chief Operating Officer, and Damien Billard, Chief Financial Officer, will present LNA SANTE's annual results to the financial community and will answer questions via a webcast.

The presentation of the 2020 annual results will be available prior to the conference on LNA SANTE's website: [www.lna-sante.com](https://www.lna-sante.com), under "Financial information."

**Shareholder hotline (Tuesdays and Thursdays from 2 p.m. to 4 p.m.): 0 811 04 59 21**

## Glossary

**Established beds/facilities** refers to beds that comply with LNA Santé model for use (quality of care, target size of facility, mint-condition building, trained and committed management, efficient organization).

**Facilities undergoing restructuring** or being opened are the facilities that have been taken over or opened in the last year or so, under renovation and/or expansion in order to bring them up to the Group's standards (established facilities).

**Beds to be installed:** beds that are authorized but not yet being used.

**EBITDA** (Earnings Before Interest, Taxes, Depreciation and Amortization) corresponds to the operating income before other income and expenses from operations, amortization and depreciation, as well as depreciation on real-estate inventory.

**Organic growth** of revenue refers to the 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 the capacity of which increased in N-1 or in N;
- in N compares with the equivalent period in N-1 for facilities acquired in N-1.

**Net financial debt** represents gross financial debt not including rent obligations under IFRS 16, less cash and cash equivalents.

**Operating leverage** refers to the ratio between net financial debt from operations and EBITDA from operations excluding IFRS 16 effects.

**Operations gearing** represents the ratio between the net financial debt from operations and the adjusted equity from operations. **Adjusted equity from operations** represents the consolidated equity from operating activities, excluding IFRS 16 effects, plus deferred tax debt from operations, excluding IFRS 16 effects, mainly in connection with the valuation of intangible operating assets.

**Net cash** is made up of available cash and cash equivalents less current bank financing.

**Free cash flow** corresponds to the cash flow generated by activity, excluding IFRS 16 effects, less non-development investments and the financial expenses paid.