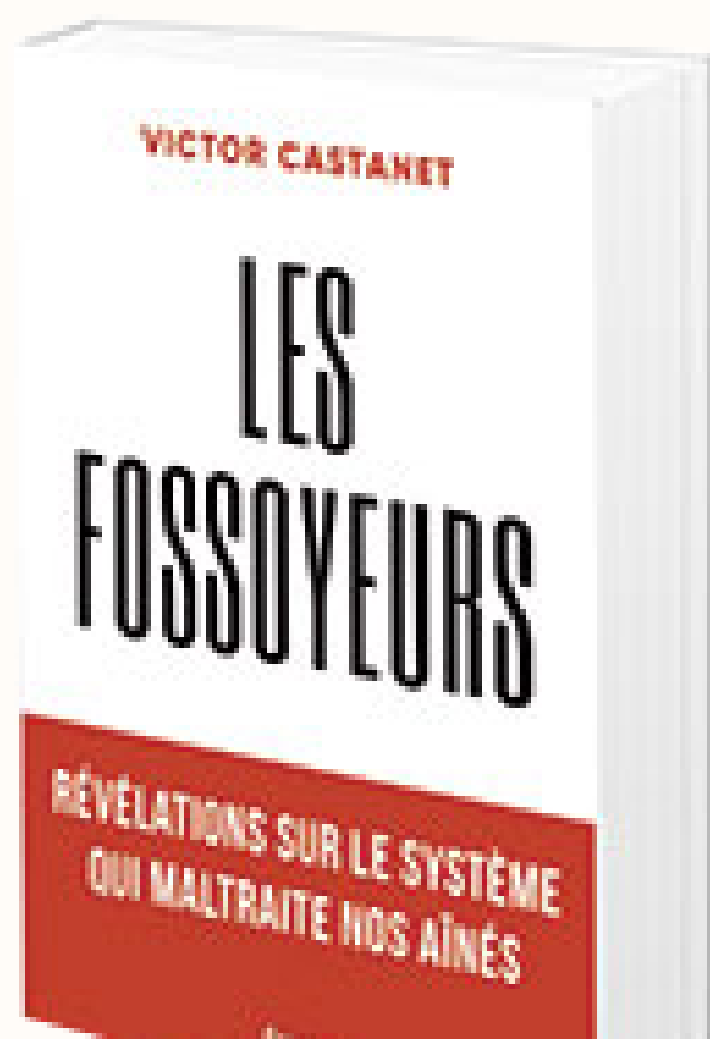




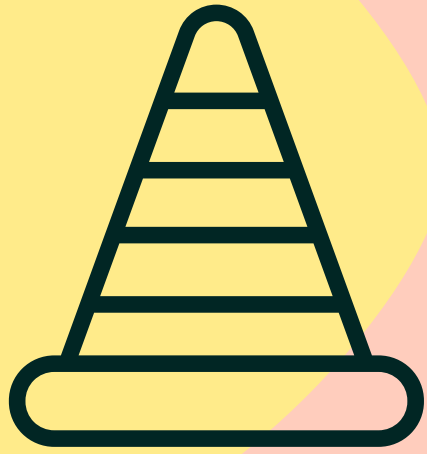
What will be the impact of high social risk on Korian's credit metrics?

Korian is one of the leading nursing home operators in Europe. It also operates specialised clinics for medical rehabilitation and is developing alternatives to nursing homes like home care.



The publication of Victor Castanet's investigation book **Les Fossoyeurs** raised public awareness regarding the poor treatment of residents in for-profit nursing homes.

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Korian management argues that it has undertaken **major changes to improve the quality** of its operations

- **100% facilities certified ISO 9001 by 2023**
(68% at end-2022, vs. 29% at end-2021)
- **Reducing the absenteeism and accident rates**, which are very high in the industry: accident frequency rate of 48 and absenteeism rate of 14% in 2021



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Improve the retention of its employees – Average tenure of 7.3y in FY22 (vs. 7.4y in FY21, 6.9y in FY20 and 6.7 in FY19)



Also projects to become a **mission-driven company** – on the agenda for the next shareholder meeting in June

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So ... what will be the impact on Korian's credit metrics?

Initiatives to improve quality are necessary to restore investor confidence in the industry, but it will probably constrain Korian's operating margins in the future.



Need to adopt more stringent healthcare standards



Improvement of compensation packages to retain its employees

Given the projected lower margins and high interest rate environment, **we maintain our Stable-to-Negative credit view** as we question Korian's capacity to deleverage – will probably require a more cautious financial policy.