

BG Nursing Homes CHART #15



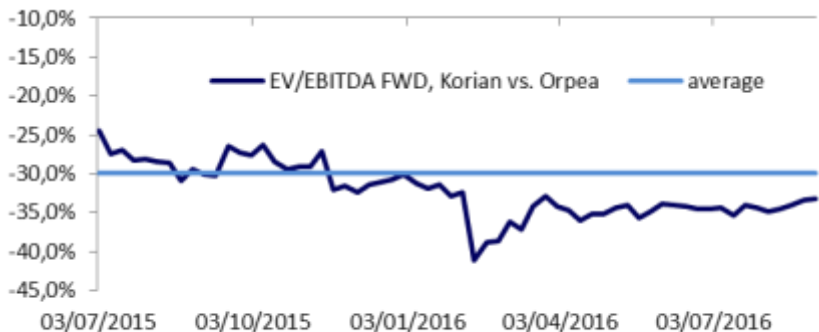
Discount of 33% vs. Orpea from a peak of 41%

✓ Following the Board of Directors' decision to remove Yann Coléou on 18th November 2015, and without any information concerning the "new step" in Korian's "growth strategy", which is to be implemented by Sophie Boissard (appointed on 18th November but functional as of 26th January 2016), the Korian share price has underperformed main peer Orpea.

✓ Nevertheless, after a low point reached on 12th February, 2016 (after FY 2015 Revenue), the current share price is not far from its peak levels although no additional details regarding the group's strategy have been provided and this is to be presented during a capital markets day scheduled for 15th September.

✓ Based on consensus numbers, the valuation discount vs. Orpea is not very far from the historical average.

✓ To sum-up, the current valuation largely anticipates good news from next week's investor day. In the hope that management's "growth strategy" will satisfy investors, we cautiously estimate that profits could be taken after **Korian's** (Neutral, FV EUR29) share price outperformance of over 25% vs. the Stoxx 600 (+41.2% in absolute terms) since the low point. **Orpea** (Buy, FV EUR85) has gained 15.4% in absolute terms and 2.9% vs. the Stoxx 600.



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