

**KORIAN GROUP: STRONG GROWTH IN 2008 OPERATING INCOME and DEBT REDUCTION.  
CONTINUED STEADY ACTIVITY: REVENUE +28.5%**

*Paris, 27 March 2009.* The Korian Group, European leader in the dependency care market, today posted operating earnings up sharply compared to 2007. In the three countries where it is established (France, Italy and Germany), Korian posted earnings of €781.3 million, up 28.5% over 2007. The consolidated EBITDAR reached €185.9 million, a 27.0% increase. This performance demonstrates the relevance of the group's growth model and the solidity of its fundamental bases. In 2008, Korian opened 1,314 beds in Europe and acquired 594 for a total of 1,908 new beds. Including the disposals of non core facilities (359 beds), at 31 December 2008, Korian had 19,890 beds.

Faced with a rapidly changing environment, Korian has managed to adapt:

- debt has been reduced by close to €100 million since 30 June 2008
- adjustment of the capital expenditures plan, giving priority to projects that create the most value

Korian is going to propose a dividend of €0.60 / share to its general meeting.

**KORIAN GROUP OVERVIEW**

<i>In EUR millions</i>	<b>31.12.2008</b>	<b>31.12.2007</b>	<b>Change</b>
Revenue	781.3	608.0	28.5%
EBITDAR*	185.9	146.4	27.0%
<i>% Revenue</i>	23.8%	24.1%	
External rents	92.4	66.7	38.6%
EBITDA	93.5	79.7	17.2%
<i>% Revenuer</i>	12.0%	13.1%	
Operating income	67.6	55.7	21.4%
Financial income	-39.3	-19.1	106.1%
Income before taxes	28.3	36.6	-22.8%
Net income	20.2	25.1	-19.4%
Net income – group share*	18.0	23.1	-22.0%

\*the net income – group share restated for the unrealised gains on derivatives was stable compared to 2007.

## ACTIVITY - FRANCE

In EUR millions	Retirement Homes (EHPAD)			Clinics			TOTAL France		
	2008	2007	var.	2008	2007	change	2008	2007	change
Revenue	382.1	352.4	8.4%	219.4	205.7	6.6%	601.4	558.2	7.7%
EBITDAR*	107.9	96.8	11.5%	43.1	39.3	9.6%	150.9	136.1	10.9%
% Revenue	28.2%	27.5%	+ 0.8 pt	19.6%	19.1%	+ 0.5 pt	25.1%	24.4%	+ 0.7 pt

\*The EBITDAR (earnings before interest, taxes, depreciation, amortisation and rent) is Korian's preferred indicator for measuring the operational profitability of its establishment independent of the group's real estate policy.

### NURSING HOMES

The nursing homes business (EHPAD) posted revenue of €382.1 million, up 8.4% over the year 2008 due to the 5.3% growth, like-for-like, the contribution of acquired facilities and the disposal of non core facilities. The occupancy rate remained high at 95.4%, like-for-like.

The EBITDAR margin reached 28.2%, up by 0.8 point.

### HEALTHCARE

HEALTHCARE revenue (follow-up care and rehabilitation clinics and psychiatric clinics) increased by 6.6% to €219.4 million. Using like-for-like reporting, growth reached 4.6% and can be explained by a 3.7% increase in the average rate tied to the increased specialisation of its facilities (in comparison, the average increase in social security rates is 1% for follow-up and rehabilitation clinics and 1.7% for psychiatric clinics). The occupancy rate increased to 97.2%.

The EBITDAR margin rose by 0.5 point to 19.6%.

**Korian once again confirms the strength and the regular growth of all of its activities in France.**

## ACTIVITY - EUROPE

### ITALY

Segesta posted revenue of €90.8 million and its earnings exceeded objectives. Segesta confirmed its ability to incorporate numerous facilities (827 beds in 2008) while improving profitability. The acknowledged professionalism of its teams led public and community authorities to choose Segesta to take over existing facilities, yielding growth that required low capital expenditures.

The EBITDAR margin for the Italian activities grew by 4.4 points to 21.0%. Given the number of beds recently opened, Segesta's profitability should continue to grow appreciably in the coming years.

### GERMANY

Phönix posted revenue amounting to €89.1 million and its earnings were impacted by the addition of 1,260 beds (more than a third of its beds in use). The company launched a program to open new, modern facilities that impacted its immediate profitability. The EBITDAR margin rose to 17.8% in 2008.

Phönix' structuring and organizational efforts and the quality of the projects implemented give us confidence in the German subsidiary's ability to achieve the medium-term objectives set.

## RENTS

Rents increased 38.6%, including a 32.7% increase coming from the European subsidiaries that were consolidated in 2008 for the first time on a full year basis.

In France, rents increased 6.7%; 4.5% of this increase came from rent indexing and 2.2% from changes in consolidation. The total increase in rents in France was limited by the work done by the group to free itself from the volatility of the cost of construction index (CCI), which now applies to only a third of the leases.

The Rents / EBITDAR ratio remains below the 50% prudential threshold that the group set for itself.

## FINANCIAL INCOME AND DEBT

Net financial expenses increased primarily due to the combined effect of the full-year financing of the growth achieved in 2007 (Segesta and Phönix, among others) and from growth carried out in 2008. The group's net financial debt, which at 30 June 2008 amounted to €645 million, was reduced by close to €100 million at 31 December 2008. This debt reduction was made possible by the sale to Cofinimmo of an initial portfolio of properties under favourable market conditions (capitalisation rate of 6.30%). A second portfolio will be sold in 2009 for €38 million under the same conditions.

Furthermore, in 2007, financial income included €6 million in non-recurring unrealised gains on derivatives versus an unrealised loss of €1 million in 2008. This explains the €7 million in surplus financial expenses in 2008.

At 31 December 2008, Korian was in compliance with its covenant set at 6.0 x net financial debt/ EBITDA.

The group has €175 million in available financing, €130 million of which has already been confirmed.

## STRATEGY AND OUTLOOK

### **A COUNTRY-SPECIFIC STRATEGY**

In France, Korian is pursuing its selective investment policy by favouring high value-added projects. Improving existing facilities both through consolidations and through expansions, will be given top priority. Furthermore, Korian plans to obtain authorisations to operate 300 new beds each year.

In Italy, the subsidiary tripled in size in less than two years while markedly improving profitability. The group's ambition is to pursue a selective growth policy while taking advantage of the numerous opportunities offered to it.

In Germany, the group will pursue its program of openings. In the medium term, four-fifths of Phönix will consist of new facilities that will allow it to establish itself as a benchmark player.

### **EXPECTED GROWTH IN REVENUE OF AROUND 7% IN 2009**

The integration and increase in the number of beds representing consolidation at the end of December allowed Korian to announce a 7% increase in its revenue target.

**Rose-Marie Van Lerberghe, Chairman of Korian's Executive Board, stresses:** "In 2008, Korian revenue growth remained vigorous (+28.5%) and profitability high. We did considerable work consolidating our foreign subsidiaries that now represent close to one quarter of our activity, and our ambition is to see that they are included among the leaders in each of our markets both in terms of size and in terms of management and care quality, just as we succeeded in doing in France.

The recent economic and regulatory changes represent major challenges for us. We will face the future with confidence **in a sector of nursing homes and post acute care that offers great visibility and very good resistance to the current economic situation** by relying on the quality of our facilities and the professionalism of our teams. The support of long-term shareholders should allow us to ensure the group's reputation and to work on innovative projects to meet of our facilities' growing need to provide medical care.

**About KORIAN:** *the Korian Group, founded in 2001, is the European temporary and permanent dependency care market leader. A private group employing over 12,000 people, Korian has a broad portfolio of activities that dovetail effectively with one another in France, Italy and Germany.*

*Its 216 Korian facilities represented a combined total of 19,890 beds at 31 December 2008:*

*In France: - 119 retirement homes (EHPAD), 35 follow-up care and rehabilitation clinics (SSR) and 12 psychiatric clinics for a total of 13,836 beds*

*In Europe: 19 facilities in Italy for a total of 2,495 beds and 31 facilities in Germany for 3,559 beds.*

*Korian has authorisations to open 1,800 new beds in the three countries in which it is established.*

*The company has been listed on Eurolist Paris Euronext (Compartment B) since November 2006.*

**Next release:** 12 May 2009, revenue for the first quarter of 2008

---

• Investor contact :  
Alexis Jungels  
Tel: + 33 1 55 37 52 25 – Fax: + 33 1 55 37 52 66

16

[a.jungels@groupe-korian.com](mailto:a.jungels@groupe-korian.com)

• Press Contact :  
Francis WEILL  
Tel: + 33 1 55 37 52 15 – Fax: + 33 1 55 37 52

[f.weill@groupe-korian.com](mailto:f.weill@groupe-korian.com)

**For more information, please visit our website: [www.groupe-korian.com](http://www.groupe-korian.com)**