



PRESS RELEASE

KORIAN: FIRST-HALF EARNINGS

Dynamic development confirmed and margins further strengthened
Successful refinancing: greater flexibility and longer maturity
Development picking up pace: + 1,500 beds

Paris, 9 September 2010. KORIAN, the European comprehensive dependent care market leader, is announcing an increase in its earnings, with 6.8% revenue growth over the first half of 2010 (8.4% organic growth) and a significant improvement in the consolidated EBITDAR margin, coming in at 23.4% of revenues. Net income (Group share) is up 24.3%. The Group has also refinanced its syndicated loan. The leeway obtained will make it possible to finance a sustained rate of development in the three countries where it is present. Korian has a major pipeline for growth, with almost 7,000 beds identified to date, thanks to the first significant operations carried out in 2010, including the signing of an agreement to acquire a group with 1,000 beds. This dynamic development is enabling Korian to have strong visibility over its growth for the next three years.

<i>in €M</i>	<i>Jun 30, 10</i>	<i>Jun 30, 09</i>	<i>Change</i>
Revenues	442.7	414.4	6.8%
EBITDAR*	103.6	94.0	10.2%
% of revenues	23.4%	22.7%	
External rents	54.8	52.0	5.5%
EBITDA**	48.8	42.1	15.9%
Operating income	32.2	25.5	26.1%
Net income (Group share)	8.0	6.5	24.3%
Net financial debt	500	451	10.8%
Cost of financial debt	12.1	15,9	-23.8%
Financial leverage***	3.9x	4.2x	

* EBITDAR is the Korian Group's preferred interim balance for monitoring the operational performance of its facilities. It is based on gross operating income from operating segments before rental expenses

** EBITDA corresponds to EBITDAR, as defined above, after deducting rental expenses

*** (Net debt – Real estate debt) / (EBITDA – 7%* Real estate debt)

The accounts were approved by Korian's Supervisory Board at its meeting on 8 September 2010. The accounts have been subject to a limited review by the statutory auditors.

PROFITABLE GROWTH IN THE THREE COUNTRIES COVERED

in €M	Consolidated			France			Italy			Germany		
	June 10	June 09	Change	June 10	June 09	Change	June 10	June 09	Change	June 10	June 09	Change
Revenues	442.7	414.4	6.8%	319.9	310.0	3.2%	66.6	56.8	17.1%	56.2	47.6	18.2%
EBITDAR	103.6	94.0	10.2%	77.5	74.4	4.2%	14.0	10.5	31.9%	12.2	9.2	32.8%
% of revenues	23.4%	22.7%		24.2%	24.0%		21.0%	18.5%		21.6%	19.3%	

Dynamic development of European subsidiaries

Korian recorded a sustained increase in its revenues over the first half of 2010, climbing 6.8%. Restated for the seven facilities sold off (five in France, two in Germany), organic growth comes out at 8.4%. The European subsidiaries have achieved a particularly high level of growth, with a combined increase of 17.7%, confirming their dynamic development and representing more than one quarter of the Group's business.

Occupancy rates are still high, with 95.4% on the mature scope (all countries combined).

In Germany, the facilities opened recently are quickly filling up, with the occupancy rate for the scope at 1 January 2010 climbing 7 pts to 87% over the half-year period.

Improvement in EBITDAR margins across all three countries – upturn confirmed in Germany

The consolidated EBITDAR margin rate is up to a high level, coming in at 23.4%:

- Set against strong growth and the ramping up of the facilities opened recently, the margins for Italy and Germany have increased by 2.5 pts and 2.3 pts respectively
- In France, the level of the margin has also increased slightly for the retirement home business, as well as for clinics.

Strong growth in net income (Group share), up 24.3%

The limited increase in rental income, up 5.5%, reflects:

- A 1.5% contraction in rental income like-for-like, with indexing having virtually zero impact and two leases renegotiated
- The sale and leaseback of buildings during the first half of 2009, contributing towards reducing Korian's debt
- The new buildings brought into service, driving future growth.

Financial expenses are down 23.8%, as a result of the efforts made over the past two years to reduce debt.

All in all, net income (Group share) is up 24.3% to €8 million.

SUCCESSFUL REFINANCING: FLEXIBILITY FURTHER STRENGTHENED AND MATURITY EXTENDED

After significantly reducing its level of financial leverage during the past two years, Korian finalised the refinancing of its main syndicated loan in July.

Indeed, Korian has negotiated a new €500 million syndicated loan under good conditions, with €380 million for refinancing and €120 million for financing the Group's future development. This new line is repayable at maturity in five years time, offering strong visibility.

At the end of June 2010, net debt represented €500 million. In this way, Korian has significant leeway thanks to a net debt ratio (restated for real estate debt) of 3.9x EBITDA for a covenant set at 5.25x for the next three years.

Korian is continuing to diversify its sources of financing. At 30 June 2010, real estate debt came to €125 million, representing close to one quarter of its outstanding debt, some way below the €300 million cap authorised under the new syndicated loan.

As such, Korian will easily be able to call up almost €300 million to finance its ambitious development policy.

STRATEGY FIRMLY FOCUSED ON DEVELOPMENT

Korian has a major pipeline for growth, with **6,958 beds** identified, based on the following breakdown:

- **2,760 new beds** which will supplement the current network, through either creations or acquisitions already agreed on (823 beds);
- **859 beds** built and currently being filled;
- **3,339 beds** in operation on which restructuring projects have been identified, representing a major source of improvements in the Group's margin.

During the first half of 2010, the Group's scope increased by 1,474 beds: 658 new beds in operation and 816 beds to be added to the pipeline.

In France, Korian has just signed a sale and purchase agreement to acquire the Seniors Santé group's facilities in several stages, representing a total of around 1,000 beds.

Seniors Santé has recent high-end facilities in premium locations, which will supplement our local clusters, while synergies have already been identified.

This acquisition will see 369 beds integrated by the end of the year, followed by a further 334 beds in 2011. In addition, Korian has signed a development agreement with the management team, and 300 new beds are already in the project phase.

Furthermore, the first Korian Essentiel* development is planned in the Manche region of France, after a new authorisation was obtained. The provision of a free plot and professional kitchen is enabling us to reduce the cost for residents from €60 to €55.

In Italy, Segesta is moving forward with its development at a sustained rate, with 460 new beds added to the pipeline: two facilities to be built for 340 beds, and a purchase agreement to acquire the business and real estate of a 120-bed facility.

In Germany, Phönix has secured the development of two new facilities, representing 264 beds, to be opened in 2012

This dynamic development is ensuring strong visibility over the Group's growth for the next three years. For 2010, Korian is confident that it will be able to achieve revenue growth of at least 7%.

As Rose-Marie Van Lerberghe, Chairman of Korian's Executive Board, explains:

"We are able to confirm all of our objectives announced at the start of the year. Korian is well positioned, with profitability levels that are improving in the three countries where we operate. We have further strengthened our resources with a view to financing an ambitious development policy and the first significant operations were carried out during the first half of the year. In this way, we are forging ahead with our commitment to consolidating our leadership not only in France, but also Italy and Germany".



* New retirement home concept developed by Korian, with the cost for residents reduced to €60/day without any compromise in terms of the quality of care or the profitability of the operation

About KORIAN: the Korian Group, founded in 2001, is the European temporary and permanent comprehensive dependent care market leader. A private group employing over 15,000 people, Korian has three platforms established in France, Italy and Germany.

At 30 June 2010, Korian's 220 facilities represented a combined total of 21,417 beds in operation. In France: 117 retirement homes, 34 follow-up care and rehabilitation clinics, and 11 psychiatric clinics for a total of 13,846 beds. In Europe: 23 facilities in Italy with a total of 3,322 beds and 35 facilities in Germany for a total of 4,249 beds in operation. The company has been listed on Euronext Paris Eurolist Compartment B since November. 2006.

Next announcement: 9 November 2010, 2010 third-quarter revenues

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