

KORIAN Group Annual Results 2010

**Controlled European growth:
Group revenues up 8.5% + 1,552 beds in operation in 2010**

**Solid profitability:
EBITDAR up 11.6% and EBITDA up 15.6%**

**Flexibility to fund a new development phase:
Target of +30% over the next 3 years**

Paris, 23 March 2011. In 2010 Korian posted revenues of € 923 million, up 8.5% on 2009. This strong growth went hand in hand with a rise in profitability at all levels. EBITDAR reached € 223 million or 24.2% of revenue, and EBITDA increased 15.6% to € 109 million. Following refinancing operations in 2010 under favourable conditions, Korian now has the flexibility it needs to enter an important new phase in its development, which involves strengthening its international dimension.

Over the next 3 years, Korian expects activity to grow by 30% as it takes advantage of all the value-creating opportunities available in the three countries where it is established and implements its embedded growth pipeline for 7,500 beds, securing growth of at least 7% over 2011.

<i>In millions of euros</i>	31.12.10	31.12.09	Change
Revenues	922.9	850.6	8.5%
EBITDAR*	223.2	199.9	11.6%
% Rev	24.2%	23.5%	
External rents	114.1	105.6	8.1%
EBITDA**	109.0	94.3	15.6%
Operating income	72.8	61.3	18.8%
Cost of debt	-27.1	-30.1	-9.9%
Income before tax	44.9	30.5	47.2%
Net income (group share)	24.7	15.0***	64.6%
Net financial debt	507.3	460.4	10.2%
Restated leverage	3.5x	4.2x	

* EBITDAR the Korian Group's preferred interim balance for monitoring the operational performance of its establishments. It comprises the gross operating surplus of its operating sectors before rental expenses.

** EBITDA is equivalent to EBITDAR as defined above, less rental expenses.

*** Following the reclassification of CVAE (business tax on added value) as tax in 2010, IFRS required € 6.9 million in deferred taxes in 2009 to be restated for presentation of the 2010 accounts.

The accounts were approved by Korian's Supervisory Board meeting on 23 March 2011. The consolidated accounts have been audited. The certification report will be issued after finalisation of the procedures required for the purposes of publication of the annual financial report.

SOLID PROFITS, UP IN ALL THREE COUNTRIES

in €M	Consolidated			France			Italy			Germany		
	2010	2009	Change	2010	2009	Change	2010	2009	Change	2010	2009	Change
Revenue	922.9	850.6	8.5%	665.6	628.8	5.8%	138.8	121.0	14.7%	118.5	100.7	17.6%
EBITDAR	223.2	199.9	11.6%	164.9	152.2	8.3%	30.7	25.2	22.2%	27.5	22.5	22.3%
% Rev	24.2%	23.5%		24.8%	24.2%		22.2%	20.8%		23.2%	22.3%	

Confirmed European momentum

Korian posted revenues of € 923 million in 2010, a rise of 8.5%.

This growth translated as 7.5% organic growth thanks to:

1. a volume effect linked to the increase in occupancy rates in the mature segment, the scaling up of recent openings and restructurings and the delivery of 822 new beds during 2010
2. a price effect due to our ability to increase our accommodation rates, control of price negotiations with the public authorities, continued specialisation in healthcare beds and the switch to a comprehensive tariffs in some nursing homes.

External growth integrated 730 new beds in 2010, including 5 nursing homes in France and 1 nursing home in Milan.

International growth is particularly bouyant, reflecting the dynamic approach of our local teams in the management of our facilities and the search for value-creating opportunities.

Strong margins, up in all 3 countries

EBITDAR, the management indicator used by the group, reached € 223 million, a rise of 11.6%.

The EBITDAR margin is up in all three countries in which the group has facilities:

- In France, the margin is rising as the mature segment expands and as a result of the restructuring operations on over 3,000 beds since 2007.
- In Italy and Germany, the margin improvement of 1.4 points and 0.9 points respectively is due to the scaling up of the recently opened facilities. Since their acquisition in 2007, the EBITDAR margins of the European subsidiaries have risen by 3.2 points.

The group's rents totalled € 114.1 million, up 8.1% following the 0.6% fall in rents on a like-for-like basis and a rise of 8.7% linked to the effects of openings and property sales. 66% of rents are now indexed on inflation and 24% to the cost of construction index. 10% of rents are not indexed.

EBITDA increased 15.6% to € 109 million against € 94 million in 2009.

Sharp rise in net income

Following a 9.9% reduction to € 27 million in the cost of financial debt, net income amounted to € 24.7 million.

Dividend: At the next shareholders' meeting, Korian will recommend distribution of a dividend held at € 0.6/share.

GREATER FINANCIAL FLEXIBILITY

At the end of 2010, the group's net financial debt amounted to € 507 million, up 10%. The restated mortgage debt ratio was down, at 3.5x in 2010 compared to 4.2x in 2009 and 5.4x in 2008.

During 2010, Korian refinanced its main loan on good terms, obtaining a credit facility of € 500 million repayable in full in 5 years.

This gives the group considerable flexibility:

- Average loan maturity of 5.9 years
- A covenant of 5.25x until 2012 against a debt ratio of 3.5x at the end of 2010
- A € 120 million credit facility for growth operations and authorisation to access € 190 million of additional bilateral lines

The group also took advantage of the opportunities offered in 2010 to top up its hedging against the risk of interest rate rises. As a result, the group had 93% cover at the end of 2010 with an average maturity of 5.5 years.

The cost of financing was therefore 4.9% at the end of 2010.

Korian is going into 2011 with an investment capacity in excess of € 300 million and an optimised financing cost.

CONTINUED STEADY DEVELOPMENT:

After integrating 1,552 new beds in 2010, Korian has an intact embedded pipeline of around 7,500 beds providing high visibility over the next 3 years:

- **2,979 new beds** which will supplement the current stock either through creations or through acquisitions already underway,
- **972 beds to fill** in the homes opened in 2009 and 2010 and being upscaled (representing 2,414 beds in total)
- **3,514 beds in operation** on which restructuring projects have been identified and which offer significant margin improvement opportunities.

Additionally, thanks to a strategy based on local development platforms, the group is selectively researching profitable growth opportunities with the aim of consolidating the group's leadership in each of the countries in which it is established.

On the back of this strategy, Korian is confident of achieving 30% growth in revenues over the period 2011-2013 with a minimum of 7% in 2011 before taking any new operation into account.

Rose-Marie Van Lerberghe, Chair of Korian's Management Board, emphasises: "These excellent results are testament to our sound business model. Our goal is to extend our leadership in Europe by building on our three pillars: the quality of care provided to our residents and patients, the professionalism and experience of our teams and a targeted and value-creating development strategy. Thanks to this solid foundation, we are confident of being able to handle the many challenges associated with Europe's ageing population."

About KORIAN

The Korian Group, founded in 2001, is the European temporary and permanent comprehensive care market leader. A private group employing over 16,000 people, Korian has three platforms established in France, Italy and Germany. At 31.12.10, Korian's 227 facilities represented a combined total of 22,175 beds in operation.

- 1 In France: 122 nursing homes, 34 follow-up care and rehabilitation clinics, and 11 psychiatric clinics for a total of 14,349 beds.
- 2 In Europe: 23 facilities in Italy with a total of 3,352 beds and 37 facilities in Germany for a total of 4,474 beds in operation.

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

Next announcement: 11 May 2011 after close of trading Revenues for 1st quarter 2011

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