

## KORIAN: 2011 FIRST-HALF EARNINGS

### Good operational performances

- Revenues: + 9.7%
- EBITDAR: + 11.4% (margin up to 23.8%)
- EBITDA: +11.9%

### Major developments: + 1,905 beds

*Paris, 8 September 2011.* Korian, the European dependency care market leader, is presenting its consolidated accounts for the first half of 2011. Revenues came to €485.6 million, 9.7% higher than the first half of 2010, with strong organic growth of 7.0%. The EBITDAR margin, the group's preferred operational indicator, represents 23.8%, an increase of 0.4 points. Lastly, EBITDA has seen a stronger rate of growth, climbing +11.9% to €54.5 million. The financial structure is still sound, with financial leverage restated for real estate coming in at only 3.7x EBITDA. Within this favourable context, Korian has stepped up the pace of its development, integrating 1,905 beds in the three countries where it operates. For 2011, Korian remains confident that it will be able to achieve over €1 billion in revenues.

<i>In millions of euros</i>	<b>30 Jun 11</b>	<b>30 Jun 10</b>	<b>Change</b>
<b>Revenues</b>	<b>485.6</b>	<b>442.7</b>	<b>9.7%</b>
<b>EBITDAR<sup>1</sup></b>	<b>115.4</b>	<b>103.6</b>	<b>11.4%</b>
% of revenues	23.8%	23.4%	
External rents	-60.9	-54.8	11.0%
<b>EBITDA<sup>2</sup></b>	<b>54.5</b>	<b>48.8</b>	<b>11.9%</b>
<b>EBIT<sup>3</sup></b>	<b>36.5</b>	<b>32.9</b>	<b>10.8%</b>
% of revenues	7.5%	7.4%	
<b>Operating income</b>	<b>31.2</b>	<b>32.2</b>	<b>-3.2%</b>
Cost of debt	-15.2	-12.1	25.6%
<b>Income before tax</b>	<b>15.8</b>	<b>19.3</b>	<b>-18.3%</b>
<b>Net income (group share)</b>	<b>5.8</b>	<b>8.0</b>	<b>28.2%</b>
<b>Current net income (group share)<sup>4</sup></b>	<b>9.3</b>	<b>8.5</b>	<b>9.3%</b>

*The accounts were approved by Korian's Supervisory Board at its meeting on 7 September 2011. The procedures for a limited review of the consolidated accounts have been completed. The certificate is currently being issued.*

### BUSINESS STILL STRONG

Revenues increased by 9.7% over the first half of the year, with growth picking up pace. This good level of business reflects:

- Robust organic growth of 7.0%, thanks to a volume effect, linked more specifically to facilities being ramped up, as well as a price effect, confirming our ability to manage our prices effectively (in particular, the continued specialisation of our beds)
- The integration of new facilities, representing 730 beds in 2010 and 1,905 beds since the start of the year
- The sale of the last clinic in Germany and the phasing out of a partnership marking the removal of 409 clinic beds.

in €M	Consolidated			France			Germany			Italy		
	H1 2011	H1 2010	Change	H1 2011	H1 2010	Change	H1 2011	H1 2010	Change	H1 2011	H1 2010	Change
Revenues	485.6	442.7	9.7%	348.8	319.9	9.0%	75.7	66.6	13.7%	61.1	56.2	8.7%
EBITDAR	115.4	103.6	11.4%	84.6	77.5	9.2%	16.7	14.0	19.4%	14.2	12.2	16.4%
Margin / revenues	23.8%	23.4%	0.4 pts	24.3%	24.2%	0.0 pts	22.0%	21.0%	1.1 pts	23.2%	21.6%	1.5 pts

EBITDAR is up 11.4%. The EBITDAR margin on revenues is up to 23.8% in all three countries where the group has facilities. Since June 2007, when the group released its first interim figures for half-year periods, the consolidated EBITDAR margin has climbed 1.7 points, seeing sustained growth.

Rents are up 11%, with the impact of indexing limited to 1.6% like-for-like, while the inclusion of rent from new builds will help drive the development of the business over the coming months.

Financial expenses came to €15.2 million, up 25.6%, corresponding for:

- One quarter to the increase in debt
- One quarter to the rise in interest rates, limited thanks to an effective rate hedging policy
- The remainder to the increase in margins after the syndicated loan was refinanced in 2010, giving the group significant financial flexibility.

Lastly, net income (group share) is down 28.2% to €5.8 million. In line with changes in IFRS, acquisition costs are now recognised under other expenses, with €2.6 million for 2011. Current net income (group share)<sup>4</sup> represents €9.3 million, 9.4% higher than the first half of 2010.

#### FINANCIAL FLEXIBILITY MAINTAINED

Net debt totalled €572.6 million, up €65 million in relation to 31 December 2010 due to external growth investments for almost €45 million and restructuring capex for nearly €40 million, after deducting the cash flow generated over the period.

Despite this increase in debt, leverage restated for real estate debt comes out at 3.7x EBITDA, virtually stable over the half-year period and well below the default covenant set at 5.25x. With a sound financial structure, Korian still has significant financial flexibility to continue with its selective and strong value-creating development.

#### DEVELOPMENT STEPPED UP

Since the start of the year, Korian has actively developed its business across its three European platforms, with 1,905 new beds integrated:

- In France, the group has acquired three clinics with a total of 262 beds in Southwest France, opened 91 beds and is moving forward with the consolidation of the Seniors Santé facilities, with the integration of an 88-bed nursing home,
- In Italy, Segesta is actively pursuing its policy to further strengthen its local clusters, with the acquisition of five clinics in Sardinia and one RSA<sup>5</sup> facility in the Apulia region. Over the first half of the year, Segesta integrated 767 new beds,
- In Germany, Phönix finalised the acquisition of the Weidlich group in early September, with 697 beds in seven Pflegeheime<sup>6</sup> facilities located primarily in southern Germany. The process to integrate these high-quality facilities will be finalised at the end of this year.

<sup>5</sup> nursing home in Italy

<sup>6</sup> nursing home in Germany

All of these developments will represent around €65 million in full-year revenues. In view of the divestments carried out in France and Germany, the net impact of external growth will be limited to €20 million in 2011.

In addition to these major developments, Korian still has a pipeline of 6,619 beds, with the following breakdown:

- 2,591 beds to be built or being acquired. More specifically, Korian has signed agreements to acquire 150 beds, split between one nursing home and one follow-up care and rehabilitation clinic in Southwest France, as well as 300 beds in Italy (city of Bari)
- 700 beds built and currently being filled
- 3,328 beds to be redeveloped.

Buoyed by this dynamic growth, Korian is still targeting over €1 billion in revenues for 2011.

**As Rose-Marie Van Lerberghe, chairman of Korian's executive board, explains:** "Korian is continuing to see dynamic and profitable growth. In an uncertain climate, Korian has outstanding visibility over its business, enabling us to maintain our focus with total peace of mind, with a target for growth of over 30% expected for the next three years. This dynamic development is being made possible thanks to the dedication shown by all our teams each day and our commitment to quality care for our residents and patients".

**Next announcement: 9 November 2011 (after close of trading)**  
2011 third-quarter revenues

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**About KORIAN**

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

At 30 June 2011, Korian's 231 facilities represented a combined total of 22,775 beds in operation:

- In France: 123 nursing homes, 36 follow-up care and rehabilitation clinics, and 7 psychiatric clinics for a total of 14,350 beds.
- In Europe: 29 facilities in Italy with a total of 4,119 beds and 36 facilities in Germany for a total of 4,306 beds in operation.

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

## CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2011

<i>In € M</i>	<i>30 Jun 2011</i>	<i>30 Jun 2010</i>	<i>Change.</i>
<b>REVENUES</b>	<b>485.6</b>	<b>442.7</b>	<b>9.7%</b>
Other external purchases and expenses	-118.9	-110.1	8.0%
Personnel expenses	-232.1	-210.9	10.0%
Tax	-19.2	-18.1	6.2%
<b>EBITDAR<sup>1</sup></b>	<b>115.4</b>	<b>103.6</b>	<b>11.4%</b>
<i>% of revenues (net of tax)</i>	<i>23.8%</i>	<i>23.4%</i>	
External rents	-60.9	-54.8	11.0%
<b>EBITDA<sup>2</sup></b>	<b>54.5</b>	<b>48.8</b>	<b>11.9%</b>
<i>% of revenues (net of tax)</i>	<i>11.2%</i>	<i>11.0%</i>	
Amortisation	-17.1	-15.4	11.2%
Provisions and depreciation	-1.0	-0.5	102.1%
<b>EBIT<sup>3</sup></b>	<b>36.5</b>	<b>32.9</b>	<b>10.8%</b>
<i>% of revenues (net of tax)</i>	<i>7.5%</i>	<i>7.4%</i>	
Other operating income and expenses	-2.1	-0.1	1478.2%
Income on acquisition and disposal of consolidated interests	-3.2	-0.6	441.3%
<b>Operating income</b>	<b>31.2</b>	<b>32.2</b>	<b>-3.2%</b>
<i>% of revenues (net of tax)</i>	<i>6.4%</i>	<i>7.3%</i>	
Net cost of financial debt	-15.2	-12.1	25.6%
Other financial income and expenses	-0.2	-0.7	-79.8%
<b>Financial income / loss</b>	<b>-15.4</b>	<b>-12.9</b>	<b>19.5%</b>
<b>Income before tax</b>	<b>15.8</b>	<b>19.3</b>	<b>-18.3%</b>
Corporate income tax	-8.3	-10.2	-18.5%
<b>Net income from continued operations</b>	<b>7.4</b>	<b>9.1</b>	<b>-18.1%</b>
Income before tax from sold or discontinued operations	0.0	0.0	
<b>Net income</b>	<b>7.4</b>	<b>9.1</b>	<b>-18.1%</b>
Minority interests	-1.5	-1.1	43.6%
Share in earnings of equity affiliates.	-0.2		
<b>Net income (group share)</b>	<b>5.8</b>	<b>8.0</b>	<b>-28.2%</b>
<b>Current net income (group share)<sup>4</sup></b>	<b>9.3</b>	<b>8.5</b>	<b>9.3%</b>

<sup>1</sup> EBITDAR 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.

<sup>2</sup> EBITDA corresponds to EBITDAR, as defined above, after deducting rental expenses.

<sup>3</sup> EBIT corresponds to EBITDA, as defined above, after deducting depreciation, amortisation and provisions.

<sup>4</sup> Current net income (group share) is defined as net income (group share) less (other operating income and expenses + income on acquisition and disposal of consolidated interests) \* (1 – standard corporate income tax at 33.3%), i.e. net income (group share) restated for non-current items

## CONSOLIDATED BALANCE SHEET AT 30 JUNE 2011

€ '000	30 June 11	31 dec 10		30 June 11	31 dec 10
<b>NON-CURRENT ASSETS</b>			<b>SHAREHOLDERS' EQUITY (Group share)</b>		
INTANGIBLE FIXED ASSETS	1 309 131	1 268 078	Share capital	161 001	161 001
Of which, goodwill	673 708	643 642	Premiums	271 523	271 523
Of which, other intangible fixed assets	635 424	624 436	Reserves	254 313	244 199
			Consolidated earnings	5 775	24 671
TANGIBLE FIXED ASSETS	373 131	337 017	<b>Total shareholders' equity (Group share)</b>	<b>692 612</b>	<b>701 394</b>
			Minority interests	18 039	16 922
LONG-TERM FINANCIAL ASSETS	16 795	14 794	<b>Total shareholders' equity</b>	<b>710 652</b>	<b>718 317</b>
Equity-consolidated securities	612	3 269			
Deferred tax assets	25 125	28 691	<b>NON-CURRENT LIABILITIES</b>		
<b>Total non-current assets</b>	<b>1 724 794</b>	<b>1 651 849</b>	Pension provisions	13 783	13 165
			Deferred tax	220 587	220 913
<b>CURRENT ASSETS</b>			Other provisions	7 692	7 128
Inventories	2 863	2 671	Borrowings and financial debt	579 113	532 357
			<b>Total non-current liabilities</b>	<b>821 175</b>	<b>773 562</b>
Trade receivables and related	83 214	86 077			
			<b>CURRENT LIABILITIES</b>		
Other receivables and current assets	113 605	97 720	Provisions < 1 year	1 572	1 736
			Trade payables and related	98 929	92 987
Financial instrument assets	1 684	1 487	Other liabilities and accruals	275 242	247 877
			Borrowings < 1 year and bank overdrafts	24 273	25 702
Cash and cash equivalents	30 769	50 723	Financial instrument liabilities	25 087	31 451
<b>Total current assets</b>	<b>232 136</b>	<b>238 678</b>	<b>Total current liabilities</b>	<b>425 103</b>	<b>399 753</b>
Assets held for sale	0	4 379		0	3 273
<b>TOTAL ASSETS</b>	<b>1 956 930</b>	<b>1 894 906</b>	<b>TOTAL LIABILITIES</b>	<b>1 956 930</b>	<b>1 894 906</b>