KORIAN
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PRESS RELEASE

KORIAN: 2011 FULL-YEAR EARNINGS

European market leader
Revenues up +10%: €1,015 million, with 30% for international activities
24,000 beds in operation, including 2,354 new beds in 2012

Good operational performances
EBITDAR up +11.1% (margin increased to 24.4%)
EBIT up +14.2%
Current net income (group share) stable at €26 million

Sound balance sheet
Restated debt ratio: 3.9x EBITDA (covenant: 5.25x)
Proposed dividend: €0.60 per share

Paris, 22 March 2012. **Korian is continuing to move forward with its dynamic development in Europe. In 2011, Korian's activities grew 10.0%, with revenues climbing above the €1 billion mark for the first time. The EBITDAR margin, the group's preferred operational indicator, is up 11.1% to represent 24.4% of revenues. Current net income (group share) is stable at €26 million. With €619 million in net debt, restated financial leverage comes out at 3.9x EBITDA, well below the covenant set at 5.25x. At the forthcoming general meeting, Korian will be submitting a proposal to keep the dividend at €0.60 per share, with an option for the dividend to be paid in shares. In a difficult economic climate, Korian is once again showing its ability to maintain a high level of profitability and a sound balance sheet.**

In millions of euros	*31 Dec 11*	*31 Dec 10*	*Change*
Revenues	**1,014.8**	**922.9**	**10.0%**
EBITDAR [1]	**247.9**	**223.2**	**11.1%**
% of revenues	*24.4%*	*24.2%*	
External rents	125.2	114.1	9.7%
EBITDA [2]	**122.7**	**109.0**	**12.5%**
% of revenues	*12.1%*	*11.8%*	
EBIT [3]	**85.6**	**75.0**	**14.2%**
% of revenues	*8.4%*	*8.1%*	
Operating income	**79.4**	**72.8**	**9.0%**
Cost of debt	(31.9)	(27.1)	17.7%
Net income (group share)	**21.7**	**24.7**	**-12.2%**
Current net income (group share) [4]	**25.8**	**26.1**	**-1.1%**
Net financial debt	618.9	507.3	22.0%
Restated debt ratio	*3.9x*	*3,5x*	

The accounts were approved by Korian's Board of Directors at its meeting on 21 March 2012. The consolidated accounts have been audited. The certification report will be issued once the necessary procedures have been finalised for publishing the annual financial report.

GROWTH DRIVEN BY INTERNATIONAL BUSINESS

Korian recorded strong growth in its activities over 2011, climbing 10% thanks to:

- A still robust rate of organic growth: 5.7%. Occupancy rates on mature facilities have continued to improve, reaching 95.1%, 1.1 points higher than 2010 (96.3% in France, 97.5% in Italy and 90.7% in Germany). The group is benefiting from the ramping up of 913 beds opened over 2010-2011,
- Targeted external growth operations: 730 beds in 2010 and 2,263 beds integrated over the year in 2011,
- Despite the sale of the last clinic in Germany (169 beds), the phasing out of a partnership in France concerning 409 clinic beds, and the sale of an RSA[1] facility with 70 beds in Latium.

The group's growth has been particularly strong internationally (17.4%).

ROBUST PROFITABILITY

In €M	**Consolidated**			**France**			**Italy**			**Germany**		
	2011	2010	Change	2011	2010	Change	2011	2010	Change	2011	2010	Change
Revenues	1,014.8	922.9	10.0%	712.8	665.6	7.1%	163.5	138.8	17.8%	138.5	118.5	16.9%
EBITDAR	247.9	223.2	11.1%	175.3	164.9	6.3%	36.3	30.7	18.2%	36.2	27.5	31.6%
% of revenues	*24.4%*	*24.2%*		*24.6%*	*24.8%*		*22.2%*	*22.2%*		*26.1%*	*23.2%*	

EBITDAR is up 11.1%, growing at a quicker rate than revenues, with the EBITDAR margin rising to 24.4%. More specifically, this good performance reflects the continued improvement in the margin in Germany, marking the end of work to ramp up the 2,000 beds opened over the past five years. France and Italy have maintained their margin levels, while over 3,000 beds are currently being redeveloped. Once completed, these redevelopments will further strengthen the overall margin.

Rental income is up 9.7%, with only 1.7% attributable to indexation. Indeed, indexation remains limited thanks to the significant work accomplished with the group's main lessors to change over to indexes that are in line with our activities. At the end of 2012, 63% of our rents were inflation-indexed, while 10% were not indexed.

As such, consolidated EBITDA shows a strong rate of growth, surging 12.5% to €123 million.

CURRENT NET INCOME (GROUP SHARE) STABLE

The cost of debt is up 17.7% to €31.9 million, with:

- two-thirds corresponding to the increase in debt,
- one third due 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 12.2% to €21.7 million, particularly on account of the €3.2 million in acquisition costs being recorded under other expenses, in line with the changes to IFRS. Current net income (group share) totalled €25.8 million, virtually stable in relation to 2011.

FINANCIAL CAPACITIES MAINTAINED

With €619 million in net debt, Korian's leverage restated for real estate debt comes out at 3.9x EBITDA, well below the covenant of 5.25x.

The group's debt is based on long maturities (average residual maturity of five years), with 90% taken out with leading French banks and one quarter made up of real estate debt (long maturity and lower cost). These financing facilities are secured through stable recurrent cash flow, as well as real estate assets with a value of €277 million in 2011.

[1] nursing home in Italy

The group does not have any significant repayments scheduled before July 2015 and has additional borrowing capacity for over €250 million.

NEW GOVERNANCE FOCUSED ON OPERATIONAL PERFORMANCE

At the general meeting on 21 March, Korian changed to a governance structure based on a Board of Directors, consistent with its shareholders looking to be more involved in the group's strategy.
Christian Chautard became non-executive chairman of the Board of Directors, responsible for leading dialogue with the shareholders and mapping out the strategy, working closely with the management team.
Yann Coléou has been appointed chief executive officer, in charge of the group's management, focusing in particular on further improving the group's operational performance. Yann Coléou has extensive experience in the world of personal services, having previously been Chairman and CEO of Sodexo France then Chairman of ISS France.

GOOD VISIBILITY AND OUTLOOK

Following the integration of 2,354 beds in 2011, Korian still has a growth pipeline of 6,125 beds, giving it strong visibility over its growth for the next three years, with:

- 2,451 beds to be built or being acquired; in this way, since the start of the year, Korian has already finalised the acquisition of 250 beds, and plans to open 292 beds over the year,
- 318 beds built and currently being filled,
- 3,356 beds to be redeveloped.

On the back of this dynamic development, Korian is targeting 10% revenue growth for 2012 before any changes in scope.

As Christian Chautard, Chairman of Korian's Board of Directors, explains: *"In an uncertain economic environment, the outlook for 2012 is encouraging for Korian. After realigning its governance structure, the group is moving into a new phase. As the European market leader, Korian has sound foundations built around experienced local management teams and efficient work tools. It is now up to all of the various teams to capitalise on this know-how and excellence in caring for our residents and patients in order to consolidate our leading position in Europe, with many opportunities for development expected".*

Next announcement: 10 May 2012 after close of trading
2012 first-quarter revenues

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About KORIAN

The Korian Group, founded in 2001, is one the European market leaders for temporary and permanent comprehensive care. *A private group employing over 15,000 people, Korian has three platforms established in France, Italy and Germany.*
At 31 December 2011, Korian's 243 facilities represented a combined total of 23,882 beds in operation.
- *In France: 125 nursing homes, 37 follow-up care and rehabilitation clinics, and 7 psychiatric clinics for a total of 14,530 beds.*
- *In Europe: 31 facilities in Italy with a total of 4,349 beds and 43 facilities in Germany for a total of 5,003 beds in operation.*

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

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2011

In €M	*31 Dec 2011*	*31 Dec 2010*	*Change*
REVENUES	**1,014.8**	**922.9**	**10.0%**
Other income	0.3		
Operating income	**1,015.1**	**922.9**	**10.0%**
Other external purchases and expenses	246.7	226.3	9.0%
Personnel expenses	480.3	435.3	10.4%
Tax	40.2	38.2	5.4%
EBITDAR [1]	**247.9**	**223.2**	**11.1%**
% of revenues	*24.4%*	*24.2%*	*111.2%*
External rents	125.2	114.1	9.7%
EBITDA [2]	**122.7**	**109.0**	**12.5%**
% of revenues	*12.1%*	*11.8%*	*125.7%*
Depreciation and amortisation	37.1	34.1	8.8%
EBIT [4]	**85.6**	**75.0**	**14.2%**
% of revenues	*8.4%*	*8.1%*	*157.8%*
Income from acquisition and sale of consolidated equity interests	(3.2)	(1.1)	198.5%
Other operating income and expenses of the operating segments	(3.0)	(1.1)	180.9%
Operating income	**79.4**	**72.8**	**9.0%**
% of revenues	*7.8%*	*7.9%*	*90.7%*
Cost of net financial debt	(31.9)	(27.1)	17.7%
Financial income	(1.3)	(0.8)	63.4%
Financial income / loss	**(33.2)**	**(27.9)**	**19.0%**
Pre-tax income	**46.2**	**44.9**	**2.8%**
Income tax	(20.5)	(17.8)	15.4%
% of pre-tax income	-44.3%	-39.5%	
Net income from consolidated companies	**25.7**	**27.2**	**-5.3%**
Tax-exempt income from suspended and sold activities	(0.8)		
Net income	**25.0**	**27.2**	**-8.2%**
Share of minority interests	3.1	2.5	27.1%
Share in earnings of equity affiliates.	0.2	0.0	
Net income (group share)	**21.7**	**24.7**	**-12.2%**
Current net income (group share) [4]	**25.8**	**26.1**	**-1.1%**

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

[2] EBITDA is equivalent to EBITDAR as defined above, less rental expenses

[3] EBIT is equivalent to EBITDA as defined above, less depreciation, amortisation and provisions

[4] Current net income (group share) is defined as current net income (group share) - (other operating income and expenses + income / acquisition and sale of consolidated equity interests) * (1 – normative income tax at 33.3%), representing current net income (group share) restated for non-current items

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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011

In €M	*31 Dec 2011*	*31 Dec 2010*		*31 Dec 2011*	*31 Dec 2010*
NON-CURRENT ASSETS			**SHAREHOLDERS' EQUITY (Group share)**		
INTANGIBLE FIXED ASSETS	1,371.6	1,268.1	Share capital	163.6	161.0
Of which, goodwill	687.6	643.6	Premiums	277.1	271.5
Of which, other intangible fixed assets	684.0	624.4	Reserves	240.4	244.2
			Consolidated earnings	21.7	24.7
TANGIBLE FIXED ASSETS	404.8	337.0	**Total shareholders' equity (Group share)**	**702.8**	**701.4**
			Minority interests	20.0	16.9
LONG-TERM FINANCIAL ASSETS	17.6	14.8	**Total shareholders' equity**	**722.8**	**718.3**
Equity-consolidated securities	1.5	3.3			
Deferred tax assets	35.3	28.7	**NON-CURRENT LIABILITIES**		
Total non-current assets	**1,830.8**	**1,651.8**	Pension provisions	16.6	13.2
			Deferred tax	245.9	220.9
CURRENT ASSETS			Other provisions	7.3	7.1
Inventories	3.0	2.7	Borrowings and financial debt	622.6	532.4
			Total non-current liabilities	**892.5**	**773.6**
Trade receivables and related	91.5	86.1			
			CURRENT LIABILITIES		
Other receivables & current assets	118.8	97.7	Provisions for less than one year	2.1	1.7
			Trade payables and related	114.5	93.0
Financial asset instruments	0.1	1.5	Other liabilities and adjustment accounts	272.1	247.9
			Borrowings – of one year and bank overdrafts	37.4	25.7
Cash and cash equivalents	41.2	50.7	Financial instrument liabilities	44.8	31.5
Total current assets	**254.7**	**238.7**	**Total current liabilities**	**470.8**	**399.8**
Assets held for sale	3.5	4.4		2.9	3.3
TOTAL ASSETS	**2,089.0**	**1,894.9**	**TOTAL LIABILITIES**	**2,089.0**	**1,894.9**

CASH-FLOW STATEMENT AT 31 DECEMBER 2011

In €M	*31 Dec 2011*	*31 Dec 2010*
Cash flow from operations after cost of net financial debt	**58.9**	**55.4**
Cash flow from operations before cost of net financial debt	**94.0**	**83.5**
Change in working capital requirement	**9.6**	**1.7**
Net cash from operating activities	**103.5**	**85.2**
Net cash from investment activities	**(113.0)**	**(91.9)**
Net cash flow	**(9.4)**	**(6.7)**
Net cash from financing activities	**1.9**	**(15.7)**
Change in cash	**(7.5)**	**(22.4)**
Cash	**35.4**	**42.9**