

## KORIAN: 2013 HALF-YEAR RESULTS

**Korian on track to raise its targets for 2013, aiming at revenues of €1.35 billion, with profitability growing strongly**

**→Improvement in all management indicators**

REVENUES: €663.1 million, up 21.0%  
EBITDA: €81.1 million, up 29.6%  
Current net income (Group share)<sup>4</sup>: €19.4 million, up 65.9%

**→Sound financial structure**

Debt ratio down slightly to 3.0x  
A second private placement issued for €67.5 million

**→Status boosted as the European leader in Care for the Elderly with over 34,000 beds in use**

Operational consolidation of Curanum in line with expectations  
Activities refocused on core business with the sale of the psychiatric division completed

<i>In millions of euros</i>	<b>30.06.13</b>	<b>30.06.12</b>	<b>Change</b>
<b>Revenues</b>	<b>663.1</b>	<b>547.9</b>	<b>21.0%</b>
<b>EBITDAR<sup>1</sup></b>	<b>172.8</b>	<b>130.3</b>	<b>32.6%</b>
<i>Margin / revenues</i>	26.1%	23.8%	
External rents	(91.6)	(67.7)	35.4%
<b>EBITDA<sup>2</sup></b>	<b>81.1</b>	<b>62.6</b>	<b>29.6%</b>
<b>Operating income</b>	<b>48.9</b>	<b>37.8</b>	<b>29.2%</b>
Financial income	(21.1)	(16.7)	26.5%
<b>Net income (Group share)</b>	<b>16.6</b>	<b>10.4</b>	<b>59.2%</b>
<b>Curr net inc (Grp share)<sup>4</sup></b>	<b>19.4</b>	<b>11.7</b>	<b>65.9%</b>
Net financial debt	778.3	562.0	38.5%
<i>Restated leverage</i>	<b>3.0x</b>	<b>3.1x</b>	

The financial statements were approved by Korian's Supervisory Board at its meeting on 11 September 2013. The auditors have carried out a limited audit of the consolidated financial statements. The certificate is currently being issued.

**Paris, 11 September 2013. Yann Coléou, CEO of Korian, commented that:** "The first half of 2013 confirms the good results achieved by the Korian Group, with revenues increasing by 21.0% to €663.1 million and an EBITDAR recording even stronger growth, with an increase of 32.6% to €172.8 million. This strong performance reflects the transformation undertaken by the Group and strengthens our conviction that the Korian First strategy will enable the Group to become Europe's leading provider of Elderly Care. We will therefore continue with the development of a high-quality offering and our drive for innovation. These elements mark a significant step forward which keeps us on track to raise our revenue and profitability targets."

## Korian continues to implement its Korian First strategy, which rests on four pillars:

### Performance

The key management indicators have improved strongly in the first half of the year

Revenues totalled €663.1 million (up 21.0%), driven by organic growth of 3.4% and the integration of Curanum on 1 March 2013.

In € millions	Consolidated		France		Germany		Italy	
	June 2013 / June 2012	June 2013 / June 2012	June 2013 / June 2012	June 2013 / June 2012	June 2013 / June 2012	June 2013 / June 2012	June 2013 / June 2012	June 2013 / June 2012
Revenue	663.1	547.9	388.2	376.2	180.4	75.6	94.5	96.1
EBITDAR	172.8	130.3	100.5	90.6	50.7	18.4	21.6	21.4
% of revenue	26.1%	23.8%	25.9%	24.1%	28.1%	24.3%	22.9%	22.2%
Change in margins	<b>+230 bp</b>		<b>+180 bp</b>		<b>+380 bp</b>		<b>+70 bp</b>	

EBITDAR margin grew in all countries to 26.1% of revenues. This strong performance is linked to the impacts of:

- Initiatives taken in France, particularly to improve our pricing and develop our private room offering in follow-up care and rehabilitation.
- Continuing improvement in Germany and the first effects of the integration of Curanum on 1 March 2013.
- Good cost control in Italy despite the slight decline in revenues.

Rents grew by 35.4%, with just 2% resulting from the effects of indexation.

Consequently, EBITDA was up strongly by 29.6% to €81.1 million.

Financial income grew by 26.5%, mainly due to the acquisition of Curanum. Net debt rose to €778 million, up by €216 million. Leverage declined slightly, allowing the Group to maintain its significant financial room for manoeuvre. The average cost of debt remained at 4.4%.

Current net income (Group share) was €19.4 million, up strongly by 65.9%.

### Development

Korian is thus strengthening its position as the leading provider of Care for the Elderly in its three markets, with nearly 34,000 beds in Europe (59% of these are outside France).

- With the acquisition of Curanum, Korian has become the leader in Germany. Consolidation is progressing smoothly. With the contribution of Phönix to Curanum on 1 September 2013, Korian will be able to implement the first operational synergies, estimated at 1% of revenues in Germany once they can be fully realised.

- Refocusing on the core business after the sale of the psychiatric division on good terms.
- Focus on organic growth with the delivery of three nursing homes in the first half of the year in France, the acceleration of restructuring in Italy and the creation of a development platform in Germany with the longer-term aim of creating 1,000 beds/year.

Korian is thus continuing a deliberate policy of growth while remaining very selective. With a pipeline of more than 5,000 beds in Europe, Korian has substantial built-in reserves of growth, ensuring strong organic growth.

## **Innovation**

The committee of Korian's Institut du Bien Vieillir [institute for healthy ageing] held its first meeting on 2 July. It combines the complementary skills and expertise of renowned members and will provide the Group with a formidable tool to fuel its thinking on Innovation.

Further to the annual convention, a guide comprising 20 Good Practices for the deployment of operational innovations was circulated to all facility directors.

## **People**

Korian's approach to management is founded on developing its employees by promoting from within and recognising success.

To monitor employee satisfaction, Korian launched its first employee opinion survey in France in June with clear success.

## **OUTLOOK**

Korian is on track to achieve its targets for 2013 with expected revenues close to €1.35 billion and with profitability growing strongly.

To tackle the challenges of the Group's rapid growth, Korian is now working on strengthening the management team. The Group has also launched a governance initiative, at Group level and at individual country level.

## **About Korian**

*Founded in 2001, the Korian Group is a European market leader in comprehensive care. Korian has the facilities to accommodate more than 34,000 residents and patients in Europe (France, Germany and Italy) and employs over 26,000 staff. The group manages 270 nursing homes and 50 specialist clinics, has over 2,200 beds in assisted living facilities and provides homecare services for over 9,000 people.*

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

**Next announcement: 6 November 2013 after markets close  
Third-quarter revenues for 2013**

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## CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2013

OVERALL RESULT				
in € million	30.06.2013	30.06.2012	%	30.06.2013 Proforma Curanum
<b>REVENUES</b>	<b>663.1</b>	<b>547.9</b>	<b>21.0%</b>	<b>710.5</b>
Other external purchases and expenses	(148.3)	(131.6)	12.7%	(157.9)
Staff costs	(319.4)	(265.0)	20.5%	(344.1)
Tax	(22.6)	(21.0)	7.4%	(22.6)
<b>EBITDAR<sup>1</sup></b>	<b>172.8</b>	<b>130.3</b>	<b>32.6%</b>	<b>186.0</b>
<b>% Rev., net of tax</b>	<b>26.1%</b>	<b>23.8%</b>		<b>26.2%</b>
External rents	(91.6)	(67.7)	35.4%	(100.9)
<b>EBITDA<sup>2</sup></b>	<b>81.1</b>	<b>62.6</b>	<b>29.6%</b>	<b>85.1</b>
<b>% Rev., net of tax</b>	<b>12.2%</b>	<b>11.4%</b>		<b>12.0%</b>
Amortisation and depreciation	(28.0)	(22.8)	22.5%	(30.1)
<b>EBIT<sup>3</sup></b>	<b>53.2</b>	<b>39.8</b>	<b>33.7%</b>	<b>55.0</b>
<b>% Rev., net of tax</b>	<b>8.0%</b>	<b>7.3%</b>		<b>7.7%</b>
Gains and losses on acquisitions and disposals of consolidated entities	(0.9)	(0.2)	375.1%	(0.9)
Other operating income & expenses	(3.4)	(1.8)	91.8%	(3.7)
<b>Operating income</b>	<b>48.9</b>	<b>37.8</b>	<b>29.2%</b>	<b>50.4</b>
<b>% Rev., net of tax</b>	<b>7.4%</b>	<b>6.9%</b>		<b>7.1%</b>
<b>Financial income</b>	<b>(21.1)</b>	<b>(16.7)</b>	<b>26.5%</b>	<b>(23.0)</b>
<b>Income before tax</b>	<b>27.7</b>	<b>21.1</b>	<b>31.4%</b>	<b>27.4</b>
Income tax	(9.6)	(9.5)	0.6%	(9.3)
% of income before tax	34.6%	45.2%		34.1%
<b>Net income from continuing operations</b>	<b>18.1</b>	<b>11.6</b>	<b>56.8%</b>	<b>18.0</b>
Share of income of equity associates	0.0	(0.0)	NS	0.0
<b>Net income</b>	<b>18.1</b>	<b>11.6</b>	<b>57.0%</b>	<b>18.0</b>
Share of non-controlling interests	(1.5)	(1.1)	36.1%	(1.5)
<b>Group share</b>	<b>16.6</b>	<b>10.4</b>	<b>59.2%</b>	<b>16.5</b>
<b>Current net income (grp share)<sup>4</sup></b>	<b>19.4</b>	<b>11.7</b>	<b>65.9%</b>	<b>19.5</b>

<sup>1</sup> EBITDAR is the interim management balance sheet measurement preferred by the Korian Group to monitor the operational performance of its facilities. It consists of gross operating surplus of the operating sectors before leasing expenses.

<sup>2</sup> EBITDA is equivalent to EBITDAR as defined above, less rental expenses.

<sup>3</sup> EBIT is equivalent to EBITDA as defined above less depreciation charges, provisions and impairment

<sup>4</sup> Current net income (Group share) represents net income (Group share) - (other operating income and expenses + gains and losses on acquisitions and disposals of subsidiaries)\* (1 - standard corporate income tax of 35%), or restated net income (Group share) for non-recurring items.

## CONSOLIDATED BALANCE SHEET AT 30 JUNE 2013

ASSETS		
In millions of euros	30.06.2013	31.12.2012
Goodwill	756.4	666.8
Intangible fixed assets	660.9	657.9
Property, plant and equipment	533.9	386.8
Financial assets	14.2	20.2
Equity interests	0.0	0.0
Deferred asset taxes	56.2	42.8
<b>Non-current assets</b>	<b>2,021.7</b>	<b>1,774.5</b>
Inventory	4.1	3.0
Trade receivables and related accounts	88.1	77.9
Other receivables and current assets	156.9	120.7
Financial asset instruments	0.1	0.0
Cash and cash equivalents	49.1	162.7
<b>Current assets</b>	<b>298.2</b>	<b>364.4</b>
Assets held for sale	27.3	92.9
<b>Total assets</b>	<b>2,347.1</b>	<b>2,231.9</b>

SHAREHOLDERS' EQUITY AND LIABILITIES		
In millions of euros	30.06.2013	31.12.2012
Share capital	170.2	170.2
Premiums	284.9	284.9
Reserves and consolidated earnings	262.5	257.1
<b>Shareholders' equity (Group share)</b>	<b>717.7</b>	<b>712.2</b>
Minority interests	19.7	20.5
<b>Total shareholders' equity</b>	<b>737.4</b>	<b>732.7</b>
Provision for retirement	22.8	23.4
Deferred taxes	244.0	238.3
Other provisions	11.6	8.9
Borrowings and financial debts	729.2	665.2
<b>Non-current liabilities</b>	<b>1,007.6</b>	<b>935.8</b>
Provisions for less than one year	6.5	5.0
Trade payables and related accounts	123.0	123.8
Other liabilities and adjustment accounts	309.5	296.4
Borrowings for less than one year and bank overdrafts	98.1	59.5
Financial liability instruments	43.2	52.4
<b>Current liabilities</b>	<b>580.4</b>	<b>537.2</b>
Liabilities held for sale	21.7	26.1
<b>Total liabilities</b>	<b>2,347.1</b>	<b>2,231.9</b>

## CASH FLOW STATEMENT AT 30 JUNE 2013

CASH FLOW STATEMENT (in millions of euros)	30.06.2013	30.06.2012
Cash flow after cost of net financial debt	49.9	35.6
Cash flow before cost of net financial debt	73.3	51.9
Change in working capital requirement	(37.5)	(8.1)
Net cash flow generated by the activity	35.8	43.9
Net cash flow from investment activities	(69.6)	(51.7)
Net cash flow	(33.8)	(7.8)
Net cash flow from financing activities	(79.8)	(4.8)
Change in cash	(113.5)	(12.5)
Cash	44.3	22.9