Paris, 14 September 2016

Korian 1st half operational performance in line with 2016 roadmap

- Revenue: €1,470 million, with 4% organic growth
- Solid operating performance in France, Italy and Belgium
- First positive impacts of German action plans
- Syndicated loan renegotiated to €1.3 billion maturing in 2021
- Target for 2016 EBITDA margin raised

Korian, the European leader in Ageing Well, is reporting today on its results for the half year ended 30 June 2016.

Highlight of the consolidated H1 P&L

in €m (IFRS data*)	1er semester		
	2016	2015	Change (%)
Revenue (1)	**1 470,4**	**1 264,0**	**16,3%**
EBITDAR	**393,0**	**340,8**	**15,3%**
% of sales	*26,7%*	*27,0%*	
External rents	-186,3	-169,1	10,2%
EBITDA	**206,7**	**171,7**	**20,4%**
% of sales	*14,1%*	*13,6%*	
EBIT	**128,2**	**113,3**	**13,1%**
% of sales	*8,7%*	*9,0%*	

(*) : limited audit procedures on 1st half had been conducted. The related report has not yet been issued

Operational performance is in line with targets for 2016

Revenue for the 1st half of 2016 was €1,470.4 million, which represents growth of over 16%. This figure mainly reflects the consolidation of Casa Reha on 1 January 2016. Organic growth over the period was 4.0%. International subsidiaries accounted for 47.1% of the Group's revenue. Excluding the 10,182 beds contributed by Casa Reha, the number of beds that Korian opened or acquired in the 1st half of the year grew by 1,044.

EBITDAR by main geographic market

in €m (IFRS data, unaudited))		1er semester		Reported
		2016	2015	growth
France		**214,0**	**203,5**	**5,1%**
	% of sales	*27,5%*	*26,9%*	
International		**179,0**	**137,3**	**30,4%**
	% of sales	*25,9%*	*27,1%*	
Germany		112,7	75,1	50,0%
	% of sales	*26,9%*	*30,4%*	
Italy		35,9	36,1	-0,6%
	% of sales	*23,0%*	*23,6%*	
Belgium		30,4	26,1	16,7%
	% of sales	*26,1%*	*24,6%*	
Group Total		**393,0**	**340,8**	**15,3%**
	% of sales	*26,7%*	*27,0%*	

The Group's **EBITDAR** (EBITDA before rental income) was €393.0 million, or an EBITDAR margin of 26.7%, which is 30 basis points lower than in H1 2015.

In France, EBITDAR grew €10.5 million to €214.0 million. Good control over expenses and the synergies obtained from the merger between Korian and Medica boosted the EBITDAR margin by 60 bp. A memorandum of understanding to sell recently acquired Centre Hospitalier des Courses, which was generating heavy losses, has been signed and should result in the sale of the facility in the second half of 2016.

In Germany, EBITDAR came in at €112.7 million. The EBITDAR margin dropped to 26.9% on the back of the operational difficulties observed since H2 2015. However, action plans undertaken, at the start of the year, to improve management of the German subsidiary are showing their first positive impacts.

Business in Italy was robust with costs well under control. The 60 bp decline in the EBITDAR margin is attributable to the impact of the start-up costs of a pilot facility in Brescia, which were anticipated.

Profitability in Belgium rose 150 bp, driven by recent openings which are gathering steam and effective management of the various acquisitions.

EBITDA was €206.7 million with an EBITDA margin that rose 50 bp to 14.1%. This figure includes approximately €9 million in one-time extraordinary income. If these extraordinary items are excluded the EBITDA margin is 13.5%.

The **net profit attributable to Group owners** was €32.3 million and includes:

- the effects of the consolidation of Casa Reha and of the application of the IAS17 standard, which explains the bulk of the increase in depreciation and financial expenses;
- non-current and non-recurring items arising from the project to sell the loss-making facility in France and additional provisions in Germany.

Net Debt position reflects consolidation of Casa Reha

Net debt rose €687 million during the period, to €2,332 million on 30 June 2016. Almost all of this increase is attributable to the acquisition of Casa Reha in early 2016. It reflects both the price paid for the acquisition and the application of the IAS 17 accounting standard to the Casa Reha operated real estate assets. As a result, tangible assets equal to the net value of eligible leases were capitalized and an equivalent real estate debt was recognized.

The restated debt ratio(2) at 30 June 2016 was 3.9 x EBITDA.

Refinancing leads to an increase in debt maturity

On 21 July 2016, Korian renegotiated its syndicated loan, which now totals €1.3 billion and matures in five years. The conditions of this are:

- Two tranches: a term loan tranche of €650 million that has been fully drawn down, and a revolving tranche of €650 million that has not been tapped;
- No change in the interest-rate margin;
- More financial flexibility.

This loan, which was well oversubscribed, reflects the Group's ongoing effort to extend the maturity of its debt, which is now almost 6 years. The loan — which was backed by the banks that form the syndicate's historic core and was supported by new banks in Europe — reflects strong confidence in Korian's business model.

Lastly, in early June 2016, Korian launched a programme to issue up to €300 million in short-term negotiable securities. This programme has not yet been tapped.

2016 targets — EBITDA margin target is raised

Korian confirms its expectation of substantial revenue growth in 2016, to almost €3 billion, driven by the integration of Casa Reha, the scheduled opening of over 2,500 beds and the pursuit of targeted acquisitions that will consolidate the Group's positions in its four business lines.

Korian is now expecting its EBITDA margin to increase from about 13.3% to close to 14%. This higher target reflects:

- the recognition of non-recurring items in the first half of the year, which will add about 30 bp to the margin over the year;
- a greater-than-expected impact of the IAS 17 standard on German acquisitions, which will boost the EBITDA margin for 2016 by about 40 bp.

Excluding non-recurring items, the 2016 EBITDA margin is expected to be around 13.7%.

(1) Revenues and other income
(2) Restated debt ratio = (Net debt – real estate debt) / (EBITDA -6.5% * real estate debt)

Korian will announce its 5-year strategic plan on Thursday 15 September, before the market opens.

ABOUT KORIAN

Korian, Europe's leading Ageing Well specialist, founded in 2003, has the capacity to accommodate more than 71,500 residents and patients in Europe (France, Germany, Italy and Belgium) and employs around 45,000 staff members. The Group manages more than 710 facilities in four business lines: long-term care nursing homes, post-acute and rehabilitation care clinics, assisted living facilities and home-care services.

For more information, please visit the website: www.korian.com

Korian is listed on Euronext Paris Compartment A and is included in the following indices: SBF 120, CAC Health Care, CAC Mid 60, CAC Mid & Small and MSCI Global Small Cap

Euronext ticker: KORI - ISIN: FR0010386334 – Reuters: KORI.PA – Bloomberg: KORI.FP

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KORIAN

CONSOLIDATED INCOME STATEMENT

In €m	H1 2016	H1 2015	Change
Revenue	**1 470,4**	**1 264,0**	**16,3%**
Staff costs	-770,5	-642,4	19,9%
Other purchases, external costs, other taxes	-307,0	-280,7	9,4%
EBITDAR	**393,0**	**340,8**	**15,3%**
% of sales	*26,7%*	*27,0%*	
External rents	-186,3	-169,1	10,2%
EBITDA	**206,7**	**171,7**	**20,4%**
% of sales	*14,1%*	*13,6%*	
Other operating expenses and income	-13,7	-5,5	150,7%
Depreciation and amortisation	-78,5	-58,4	34,5%
Operating income	**114,5**	**107,8**	**6,1%**
% of sales	*7,8%*	*8,5%*	
Financial result	-52,7	-28,5	84,5%
Income tax	-28,7	-28,9	-0,8%
Net profit	**33,1**	**50,4**	**-34,3%**
Minority interests	-0,8	-1,3	NS
Net profit Group share	**32,3**	**49,1**	**-34,2%**
Current net profit Group share*	**41,4**	**52,7**	**-21,5%**

*: Current net profit Group share is defined as profit (loss) attributable to owners of the Group – (other operating income and expenses + profits and losses on acquisitions and disposals of consolidated entities) * (1 – standard corporate income tax of 34%), i.e. net profit (loss) attributable to owners of the Group restated for non-current items.

CONSOLIDATED BALANCE SHEET

In €m	30.06.2016	31.12.2015
Non-current Assets	**5 711,9**	**4 883,9**
Intangible fixed assets	3 847,2	3 408,3
incl. Goodwill	2 132,1	1 707,3
incl. Other intangible fixed assets	1 715,1	1 701,0
Property, plant and equipment	1 611,7	1 295,6
Long-term financial assets	31,3	31,2
Deferred tax assets	221,7	148,9
Current Assets	**578,5**	**881,0**
Inventories	9,2	8,2
Trade receivables and related accounts	169,5	154,2
Other receivables and currents assets	244,0	199,5
Derivative financial assets	0,0	0,2
Cash and cash equivalents	155,8	518,8
Assets held for sales	**1,9**	**0,1**
Total Assets	**6 292,3**	**5 765,0**

Shareholder's Equity (group share)	**1 899,4**	**1 922,7**
Share capital	397,3	397,3
Premiums	927,2	927,2
Reserves & consolidated results	574,9	598,2
Minority interests	**12,0**	**11,2**
Total shareholder's equity	**1 911,5**	**1 933,9**
Non-Current Liabilities	**3 322,4**	**2 878,2**
Provisions for pensions	60,4	49,6
Deferred taxes	751,9	690,8
Other provisions	129,1	69,3
Borrowings and financial debt	2 381,0	2 068,5
Current Liabilities	**1 058,4**	**953,0**
Provisions for less than one year	12,4	12,7
Trade payables and related accounts	228,7	228,1
Other payables and accruals	684,7	597,0
Borrowings less than one year and overdrafts	107,1	95,2
Derivatives financial liabilities	25,5	19,9
Liabilities held for sale	**0,0**	**0,0**
Total Liabilities	**6 292,3**	**5 765,0**
Net financial debt	*2 332,3*	*1 644,9*

CONSOLIDATED CHANGE IN NET DEBT

In €m	30.06.2016
Cash flow before cost of net debt	**155,7**
Change in WCR	-23,9
Net financial charges	-37,9
Operating cash flow	**93,9**
Maintenance and growth Capex	-92,0
Net financial investments	-372,0
Dividend	-
Net debt impact of changes in perimeter & others	-317,3
Change in Net Debt	**-687,4**
Opening net debt	**1 644,9**
Closing Net Debt	**2 332,3**