Half-year earnings at 30 June 2010

9 September 2010
Speakers

- Rose-Marie Van Lerberghe
  Chairman of the Executive Board
- Mariuccia Rossini
  Chairman of Segesta
- Louis Guyot
  VP Finance and International
- Alexis Jungels
  Investor Relations
European care market leader

21,417 beds in operation in 220 facilities

RH: retirement homes / FCRC: Follow-up care & rehabilitation clinics

SCOPE at 30 June 2010

Earnings at 30 June 2010
Dynamic development confirmed

Recap by Analysts meeting on 29 March 2010

- Group in a very strong position to move forward
- Three platforms ready to consolidate their leading national positions
- Development ambition confirmed

Today

- 3 platforms confirming their dynamic development, in terms of growth and margins
- Group has further strengthened its financial resources
- And is confirming its development strategy, with the first significant achievements already made

Earnings at 30 June 2010
1. Korian anticipating the needs of public authorities and residents
2. Earnings at 30 June 2010
3. Development strategy
4. Appendices
Korian anticipating the needs of public authorities and residents
Effective management of public health spending involves:

- Freeing up of hospitals
- Downstream development through creations (retirement homes & follow-up care and rehabilitation clinics)
- Transformation of short-stay beds into medium and long stay

Shared commitments across Europe

- Patto di Salute in Italy: closing of 25,000 acute beds, creation of 50,000 follow-up care and rehabilitation and RSA beds*
- 5th risk in Germany (Pflegekasse)

Korian’s responses

- In the 3 countries, creation of downstream beds
- In France
  - Merging of operational divisions and region-based organisation since 2008: one dedicated contact for each regional healthcare agency (ARS)
  - Specialisation of beds in follow-up care and rehabilitation
- In Italy, transformation of clinics into RSAs since 1999

* Source: Italian Ministry of Health
Adapting the offering to changes in residents

**2nd need**

**Market: inappropriate facilities**

- Need to redevelop facilities in the private sector, as well as the public and charity sectors
  - Outdated hotel concept: originally developed for elderly but able-bodied residents
  - Disability and fire standards
  - Average size below critical mass
  - Lot of double rooms
  - Public and charity structures: slower adaptation due to less responsiveness

**Breakdown of Korian’s residents**

- Average age of **86.7**
- Average of 6 pathologies (55% suffer from dementia, such as Alzheimer’s)
- 6.4 medications per day
- 55% use wheelchairs

**Korian’s responses**

- Strategic review leading to major redevelopment operations and even merging of facilities
- How not to look like a hospital: design built around living units, geared towards individual care
3rd need

Covering full range of demands

Objective of calls for projects

- Expectations of supervisory authorities according to the INIT report:
  - Cover the full range of demands, with a diversified price offering
  - Restore the balance of facilities between the regions

Breakdown of retirement homes in France

- 49% Public, €48.2
- 29% Charity, €51.1
- 22% Private commercial, €68.9

Source: 2007 DREES research and 2009 IGAS report

- Private homes positioned on a wealthy population
- Private homes driving growth: between 2003 and 2007, 50% of beds were created by this segment

Korian’s responses

- DGDOS organisation grouping together regulations, development, real estate, quality (65 people)
- Korian Essentiel concept: Cost for residents reduced to €60/day, without any compromise in terms of quality or profitability
Figures at 30 June 2010
Dynamic development with profitable growth
Level of debt effectively under control

* EBITDAR is 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.

** (Net debt – Real estate debt) / (EBITDA – 7% * Real estate debt)
Highly dynamic European subsidiaries

**FRANCE:** + 3.2%
- Sale of 5 non-strategic facilities during H2 2009
- Average occupancy rate over the half-year period for the mature scope: 96%, up 1.4 pts compared with H1 2009

**ITALY:** + 17.1%
- In H1 2010, acquisition of a 280 bed retirement home in the Milan region
- Very high average occupancy rate on the mature scope: 97%

**GERMANY:** + 18.2%
- 3 facilities opened in H1 2010, representing 356 beds
- Ramp-up continued: on the scope at 1 January 2010, representing 3,586 beds, occupancy rate up 7 pts over the half-year period to 87%
### Analysis of profitability

<table>
<thead>
<tr>
<th>Revenues (€M)</th>
<th><strong>Consolidated</strong> H1 2010</th>
<th><strong>Consolidated</strong> H1 2009</th>
<th><strong>France</strong> H1 2010</th>
<th><strong>France</strong> H1 2009</th>
<th><strong>Italy</strong> H1 2010</th>
<th><strong>Italy</strong> H1 2009</th>
<th><strong>Germany</strong> H1 2010</th>
<th><strong>Germany</strong> H1 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mature facilities</strong> EBITDAR/revenues</td>
<td>345.7</td>
<td>325.9</td>
<td>262.1</td>
<td>250.2</td>
<td>43.6</td>
<td>39.3</td>
<td>40.0</td>
<td>36.4</td>
</tr>
<tr>
<td></td>
<td>26.0%</td>
<td>25.3%</td>
<td>25.7%</td>
<td>25.6%</td>
<td>27.1%</td>
<td>25.4%</td>
<td>26.3%</td>
<td>23.5%</td>
</tr>
<tr>
<td><strong>Facilities being ramped up</strong> EBITDAR/revenues</td>
<td>28.4</td>
<td>16.1</td>
<td>14.8</td>
<td>12.7</td>
<td>8.5</td>
<td>3.2</td>
<td>5.2</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>13.4%</td>
<td>7.2%</td>
<td>14.5%</td>
<td>14.1%</td>
<td>13.4%</td>
<td>-13.7%</td>
<td>10.6%</td>
<td>na</td>
</tr>
<tr>
<td><strong>Facilities to be redeveloped</strong> EBITDAR/revenues</td>
<td>68.2</td>
<td>66.1</td>
<td>43.1</td>
<td>42.1</td>
<td>14.5</td>
<td>14.4</td>
<td>10.7</td>
<td>9.7</td>
</tr>
<tr>
<td></td>
<td>14.6%</td>
<td>14.0%</td>
<td>18.5%</td>
<td>18.2%</td>
<td>6.9%</td>
<td>6.7%</td>
<td>9.6%</td>
<td>6.3%</td>
</tr>
<tr>
<td><strong>Facilities sold off in 2009-2010</strong> EBITDAR/revenues</td>
<td>0.3</td>
<td>6.3</td>
<td>0.0</td>
<td>5.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.3</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td>-4.3%</td>
<td>17.2%</td>
<td>0.0%</td>
<td>17.6%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>27.1%</td>
<td>16.0%</td>
</tr>
<tr>
<td><strong>TOTAL</strong> EBITDAR/revenues</td>
<td><strong>442.7</strong></td>
<td><strong>414.4</strong></td>
<td><strong>319.9</strong></td>
<td><strong>310.0</strong></td>
<td><strong>66.6</strong></td>
<td><strong>56.8</strong></td>
<td><strong>56.2</strong></td>
<td><strong>47.6</strong></td>
</tr>
<tr>
<td></td>
<td><strong>23.4%</strong></td>
<td><strong>22.7%</strong></td>
<td><strong>24.2%</strong></td>
<td><strong>24.0%</strong></td>
<td><strong>21.0%</strong></td>
<td><strong>18.5%</strong></td>
<td><strong>21.6%</strong></td>
<td><strong>19.3%</strong></td>
</tr>
</tbody>
</table>

Very different margin rates depending on the platform's level of maturity

- **Mature facilities**: similar and high levels of profitability across all regions
- **Facilities being ramped up**: rapid growth aiming for maturity over short term
- **Facilities to be redeveloped**: areas for improvement to be rolled out in order to bring them to maturity over the medium term

Earnings at 30 June 2010
### Consolidated income statement

<table>
<thead>
<tr>
<th></th>
<th>in €M</th>
<th>30 Jun 2010</th>
<th>30 Jun 2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td>442.7</td>
<td>414.4</td>
<td>6.8%</td>
</tr>
<tr>
<td><strong>EBITDAR</strong></td>
<td></td>
<td>103.6</td>
<td>94.0</td>
<td>10.2%</td>
</tr>
<tr>
<td>% of rev (net of tax)</td>
<td></td>
<td>23.4%</td>
<td>22.7%</td>
<td></td>
</tr>
<tr>
<td>Rental income</td>
<td></td>
<td>54.8</td>
<td>52.0</td>
<td>5.5%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td></td>
<td>48.8</td>
<td>42.1</td>
<td>15.9%</td>
</tr>
<tr>
<td>% of rev (net of tax)</td>
<td></td>
<td>11.0%</td>
<td>10.1%</td>
<td></td>
</tr>
<tr>
<td>Other income and expenses</td>
<td></td>
<td>-0.7</td>
<td>-0.8</td>
<td>-10.4%</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td></td>
<td>-15.9</td>
<td>-15.7</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td>32.2</td>
<td>25.5</td>
<td>26.1%</td>
</tr>
<tr>
<td>% of rev (net of tax)</td>
<td></td>
<td>7.3%</td>
<td>6.2%</td>
<td></td>
</tr>
<tr>
<td>Cost of net financial debt</td>
<td></td>
<td>-12.1</td>
<td>-15.9</td>
<td>-23.8%</td>
</tr>
<tr>
<td>Other financial income and expenses</td>
<td></td>
<td>-0.7</td>
<td>-0.6</td>
<td>NS</td>
</tr>
<tr>
<td><strong>Pre-tax earnings</strong></td>
<td></td>
<td>19.3</td>
<td>9.0</td>
<td>113.8%</td>
</tr>
<tr>
<td>Corporate income tax</td>
<td></td>
<td>-10.2</td>
<td>-1.2</td>
<td>NS</td>
</tr>
<tr>
<td>Income before tax from sold or discontinued operations</td>
<td></td>
<td>-0.0</td>
<td>-0.3</td>
<td>NS</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td></td>
<td>9.1</td>
<td>7.5</td>
<td>20.5%</td>
</tr>
<tr>
<td>% of rev (net of tax)</td>
<td></td>
<td>2.1%</td>
<td>1.8%</td>
<td></td>
</tr>
<tr>
<td>Minority interests</td>
<td></td>
<td>-1.1</td>
<td>-1.1</td>
<td>-1.0%</td>
</tr>
<tr>
<td><strong>Group share</strong></td>
<td></td>
<td>8.0</td>
<td>6.5</td>
<td>24.3%</td>
</tr>
</tbody>
</table>

Earnings at 30 June 2010
Rental income is up **5.5%**, reflecting the combined impact of developments and ongoing operations for the sale and leaseback of premises:

- Down **1.5%** like-for-like, with indexing having virtually zero impact and two leases renegotiated.
- Scope effect (new openings in Italy and Germany) for **4.5%**
- Effect linked to the sale and leaseback operation carried out in June 2009 with Cofinimmo for **2.5%**
- **8 leases** are currently being negotiated

*Portfolio owned at 30 June 2010 valued at €240 M*
Financial expenses are down 23.8% thanks to:

- Ongoing moves to reduce debt: 19.7%
- Reduction in rates: 3.9%
Successful refinancing

- **Maturity extended, offering strong visibility**
  - New €500 M syndicated loan: interest-only, maturing in **5 years**
  - €380 M refinancing and €120 M revolver
  - Average maturity up from **3.8 years** before refinancing to **6.2 years**

- **Greater flexibility**
  - Up to €360 M approved bilateral debt, with €172 M drawn at 30 June
  - Flexible restated ratio, including for the application of margins
  - Default covenant kept at 5.25x through to the end of 2012

- **Diversification of sources of financing**
  - €125 M in real estate financing, representing ¼ of total financing
  - Average residual maturity of over 11 years
  - Optimisation of financing costs

- **€300 M easily available for financing development**

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**Change in net debt**

- **Cash (in €M)**
  - June 2008: 20
  - June 2009: 145
  - June 2010: 58

- **Debt ratio**
  - Syndicated loan: 5.8x
  - Other debt: 4.2x
  - Debt ratio: 3.9x

**Earnings at 30 June 2010**
Opportunistic real estate policy

Flexible financing

- Ratio restated for real estate debt
- Approval to use bilateral real estate debt for up to €300 M

Korian has the means to own its real estate

Sale and leaseback of real estate: diversification of sources of financing with a view to creating value

- Sale of premises: only if the capitalisation rate is favourable, i.e. lower than the cost of financing for Korian

- Conditions to comply with: effective control over the “work tool” (possibility to carry out work) and indexing that is close to inflation

Korian has launched the sale of two buildings, including one under the French non-professional leaseback system (LMNP)
Development strategy
Growth focused on creations

+ 55% growth in facilities over 4 years

AAGR in number of beds: + 13.4% *
AAGR in revenues: + 16.2%

+ 7,600 beds in 4 years

Growth focused primarily on openings (+ 3,504 beds) and targeted acquisitions, including our European platforms

Earnings at 30 June 2010

* Including the sale of 753 beds
AAGR: average annual growth rate
4 focuses for development in 3 countries

- **Taking over management**
- **Creations**
- **Redevelopments / extensions**
- **Acquisitions**

**Level of investment required excluding real estate**

**Speed of development**

- **Quick**
- **~ 3 years**

**Return on investment**

Earnings at 30 June 2010
Organisation in place for calls for projects

- Development team with 65 people, grouping together real estate, quality and regulations

- Ability to deliver responses across the entire range of rates, starting from €60 (Korian Essentiel concept)

Pipeline

- 10 operations approved for development

- 1st success of the Korian Essentiel * concept: approval obtained in the Manche region. The provision of a free plot and professional kitchen is enabling us to reduce the rate from €60 to €55

Objective: responding to all calls for projects

* New retirement home concept developed by Korian, with the cost for residents reduced to €60/day without any compromise in terms of the quality of care or the profitability of the operation
Earnings at 30 June 2010

France

Redevelopments & extensions

- **Organisation**
  - Ongoing review of the portfolio to seal new value-creating projects
  - Simplified steps in relation to the supervisory authorities (extensions not required to follow the call for projects procedure)

- **Proven know-how and significant pipeline**
  - > **14** operations finalised since 2008
  - > **42** other operations identified
  - > **13** underway in 2010, including 2 mergers-relocations completed to date (see illustrations)

Korian - Le Petit Castel (Chambray les Tours)
*Extension + conversion of double beds into single units for 45 beds*

Korian - Villa Gabriel (Gradignan)
*Relocation + extension for 35 beds*
Two examples finalised in 2010

**Lisieux**
- Consolidation of two small facilities (27 and 68 beds)
- One dedicated site in Lisieux town centre

**Ifs**
- Consolidation of two isolated facilities (61 and 46 beds) and creation of 33 beds in a multipurpose follow-up care and rehabilitation clinic for geriatrics with 140 beds in Ifs
- On the outskirts of Caen and near areas frequented by people from Caen for short trips

- Revenues: + 55% and + 30% (capacity, occupancy rate and rates)
- Savings on committed fixed costs
- EBITDAR margin raised in line with the Group’s best standards
New opportunities

- Consolidation expected to gain pace: independent operators and groups with less than 2,000 beds forced by increasingly demanding regulations
- Reasonable valuation levels

Achievements in 2010

- **Seniors Santé:** memorandum of agreement signed to acquire a group with 1,000 beds in several stages
  - 4 retirement homes, representing 369 beds, consolidated as of 2010
  - 4 retirement homes, with 334 beds, ramped up and consolidated in 2011
  - Development agreement with the management team: 300 beds in the pipeline
  - Recent high-end facilities in premium locations
  - Good fit with our cluster policy: synergies already identified

- **Baziège:** 81 bed retirement home near Toulouse
  - Supplementing our cluster, with an opportunity to extend the facility with a further 10 beds
Acquisitions in 2010: Seniors Santé and Baziège

- **Saint-Cyr-L’École (78)**
  - Opening 2007
  - 85 beds

- **Le Pouliguen (44)**
  - Opening 2005
  - 89 beds

- **Mougins (06)**
  - Opening 1995
  - 115 beds

- **Fréjus (06)**
  - Opening 2003
  - 80 beds

- **Le Perreux (93)**
  - Opening 2010
  - 88 beds

- **Nice 1 (06)**
  - Opening 2009
  - 81 beds

- **Nice 2 (06)**
  - Opening 2010
  - 85 beds

- **Vauvenargues (13)**
  - Opening 2010
  - 80 beds

- **Baziège (31)**
  - Opening 2008
  - 81 beds

Recent facilities in premium locations

Earnings at 30 June 2010
Proven business model

- Real estate teams to oversee construction stages
- Established partner network
- In this way, Segesta has identified more than **2,000** beds to be built

New developments expected

- **Mestre** (~ Venice): **140** rehabilitation and RSA beds, scheduled to open in 2012, real estate owned by an investor
- **Monza** (~ Milan): **200** RSA beds, scheduled to open in 2013, real estate owned by the company
Major opportunities

> Favourable context with the “Patto di Salute”
> Track record over 15 years
> Few Italian players with the areas of expertise required
Context

> 2007: clinic acquired with 60 acute beds
> 2008: region closes clinics with less than 100 beds

Transformation of the clinic into an RSA

> Supervisory authorities: approval for the transformation into 30 RSA beds, 10 terminal care beds and 40 home-based care beds
> Real estate: reduction in rent (40%), minor transformation of premises (living unit, double rooms, etc.), low capex (~€150,000)
> Personnel: 3-month temporary layoff funded by the “Cassa Integrazione” followed by an agreement to reduce payroll by 10%
> Team training: 3 months in the Segesta training centre

Result

> In 2007: €4.7 M in revenues, with €0.4 M in EBITDA
> For 2010: occupancy rate raised to 100%, €4.5 M in pro forma revenues and €1 M in EBITDA

Segesta: recognised by supervisory authorities for its expertise
Greater regulatory constraints: new opportunities

Achievements in 2010

- **Heliopolis:**
  - new **280** bed RSA near Milan
    - Difficulties filling the facility when taken over
    - Immediate cluster effect: occupancy rate raised from 47% in April to 100% in August

- **Villa Giovanna** (memorandum of agreement signed):
  - **120** bed RSA in Bari
    - Acquisition of premises and business
    - Supplementing our Bari cluster
    - Expected impacts: commercial synergies and pooling of teams
Segesta intervenes at the request of districts and foundations to take over the management of their facilities

- Either on new homes, thanks to its quality brand image
- Or struggling homes, thanks to its redevelopment capabilities
- In any case, the model is not capital-intensive, with a total delegation of management:
  - Commercial lease between 5 and 30 years
  - Concession of the business itself
  - Zero or limited investment in furniture

Track record

- 5 operations carried out over the last 4 years

Melzo (2008)
- taking over management of a new public RSA
- (100 beds)

Villasanta (2005)
- taking over management of a public RSA
- (110 beds)

Milan (2009)
- taking over management of an existing public RSA to be redeveloped
- (285 beds)

Turin (2009)
- taking over management of a RSA belonging to a foundation, to be redeveloped
- (175 beds)

Liguria (2009)
- taking over management of a RSA belonging to a foundation
- (240 beds)
Taking over management

- Pilot test with a hospital, prefiguring a new PPP model

  > Taking over the management of the follow-up care and rehabilitation wing of Milan’s Garbagnate Hospital (no rent): 30 beds

  > Segesta staff, except for the specialist doctors

  > However, all the support functions are shared with the hospital (free facilities management)

→ Test which could become an industrial model, and also rolled out in France
Phönix has sound foundations on which to build its organic growth, with facilities that are:

- Recent (80% new)
- Large (120 beds on average), offsetting the fixed costs resulting from the regulations in force
- In line with the latest quality standards (individual rooms and small living units)
- Located in rich Länders with a lack of facilities

Experienced management team able to implement our strategy

- Close ties with local supervisory authorities
- Quality processes
- Expertise in creating and filling facilities

Track record: 1,700 beds opened in 3 years

- 2007: 4 facilities and 455 beds
- 2008: 6 facilities and 748 beds
- 2009: 4 facilities and 490 beds

Secure pipeline

- 2010: 5 facilities, representing 581 beds, with 3 opened by the end of June
- 2012: 2 facilities, representing 264 beds
Examples of recent openings

- **Dusseldorf** (North Rhineland)
  - Creation of the facility led by Phönix, but sale and leaseback operations carried out for real estate at the outset
  - 96 bed facility opened in June 2009
  - Filled in 11 months (current occupancy rate: 99.4%)
  - EBITDAR margin > 30%

- **Schweinfurt** (North Bavaria)
  - Creation of the facility led by Phönix, but sale and leaseback operations carried out for real estate at the outset
  - 132 bed facility opened in May 2008
  - Filled in 10 months (current occupancy rate 99%)
  - EBITDAR margin > 30%
Earnings at 30 June 2010
To date, growth secured with around 7,000 beds

<table>
<thead>
<tr>
<th>Type of beds</th>
<th>No. of beds</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Nature of impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beds to be built and currently being acquired</td>
<td>2,760</td>
<td>1,811</td>
<td>489</td>
<td>460</td>
<td>Increase in revenues + increase in network of facilities</td>
</tr>
<tr>
<td>Beds built and currently being filled</td>
<td>859*</td>
<td>113*</td>
<td>464*</td>
<td>282*</td>
<td>Increase in revenues</td>
</tr>
<tr>
<td>Beds to be redeveloped</td>
<td>3,339</td>
<td>2,154</td>
<td>343</td>
<td>842</td>
<td>Primarily improvement in margins</td>
</tr>
<tr>
<td>Total</td>
<td>6,958</td>
<td>4,078</td>
<td>1,296</td>
<td>1,584</td>
<td></td>
</tr>
</tbody>
</table>

Growth target for 2010 of at least 7%

* For facilities being ramped up: beds built * (standard occupancy rate – average occupancy rate) for year
Breakdown of our residents and patients

Residents in our retirement homes
- Our residents have an average of 6 pathologies (55% suffer from dementia including Alzheimer's, 35% are depressive) and take 6.4 medications a day
- 55% are rated GIR* 1 or 2 for a GMP** of 703; 55% use a wheelchair
- Average age of our residents: 86.7
- Average length of stay: 3 years

Patients in our healthcare facilities
- Treatment of increasingly difficult cases due to shorter stays for medicine, surgery and obstetrics, as well as demographic ageing
- Average age: 70.4 in follow-up care and rehabilitation clinics (1/3 over 80 years old) and 47 in psychiatric care
- Average length of stay: 32 days for follow-up care and rehabilitation and less than 30 days for psychiatric care

*GIR: Iso Resource Group measures the level of independence on a scale from 1 to 6. GIR 1 corresponds to total dependency
** GMP: Weighted average GIR; would be 1,000 in facilities accepting only GIR 1 rated patients
Guaranteeing a healthcare, medico-social and social continuum for dependent elderly people

Acute situation

Home

“MSO” hospital & clinic

Follow-up and rehab. care clinic

Retirement homes

> Reduction in time spent in the hospital / clinic, reflecting the deployment of activity-based pricing ("T2A") and in the best interests of the elderly person

> Patients taken on earlier and earlier in their care regime
> Elderly people directed to retirement homes when not possible for them to return home

> Need for global medicalised care
> Growing demand for places set against a supply shortfall

MSO: Medicine, Surgery, Obstetrics

Earnings at 30 June 2010
Daily pricing structure in the retirement home business

FRANCE

Social security
Residents and APA*
Residents Free rates on entry

Care 25%
Dependency 10%
Accommodation + services 65%

ITALY

Regional social security
Residents Free rates

Care 50%
Accommodation + services 50%

GERMANY

Social security
Residents or Länders
Residents Semi-free rates
Accommodation

Care 60%
Services 25%

* Allocation Personnalisée d’Autonomie (personal independence benefit)

Care: prices linked to the level of dependency

Source: Korian
Solvent demand

Standard daily rate financing in France

Retirement homes

Social security

Residents and APA*

Residents Free rates on entry

Care 25%

Dependency 10%

Accommodation + services 65%

Healthcare

Care and accommodation 80%

Hotel supplement 20%

Patients (supplements billed for optional services – e.g. individual room)

Source: Korian

* Allocation Personnalisée d’Autonomie (personal independence benefit)

** Of which, around 70% corresponding to the daily price
% of people over 80 years old in the total population

- **FRANCE**: Need for 25 to 40,000 beds by 2015
- **ITALY**: Shortfall of around 270,000 beds within the next 5 years
- **GERMANY**: Need for 10 to 15,000 beds/year over the next 15 years

Source: Eurostat
## Entrance barriers in each country on the retirement home segment

### France
- Authorisations to operate granted by the State and the Regional Council (Conseil Général)
- Provision of care under a mandatory agreement with the State
- Financing for only 7,500 new beds/year by the end of 2011
- Social security deficit limiting future creations

### Italy
- Delegation of the care system to the regions
- Authorisations to operate granted depending on the regions’ financing capacities and operators’ compliance with strict standards
- Provision of care under a mandatory agreement with the regional healthcare system

### Germany
- Delegation of the care system to the Länders
- Obligation for social security to fund care and the Länders to cover residents with limited resources
- Freedom to open new facilities subject to compliance with very strict operating standards (*local credibility is essential*)
Breakdown of the offering - retirement homes

FRANCE
- Top 5 operators: 42%
- Other: 58%

ITALY
- Top 5 operators: 17%
- Other: 83%

GERMANY
- Top 10 operators: 26%
- Other: 74%

Top 5 operators: 49%
Other: 22%
Top 5 operators: 45%
Other: 35%
Top 10 operators: 55%
Other: 6%
Corporate governance

Governance restructured at the time of the IPO

- Stronger Executive Board, with experience in the sector and on business integration
- ...supported by a Management Committee
- Supervisory Board in line with corporate governance best practices and current internal control standards

Executive Board

Chairman: Rose-Marie Van Lerberghe
3 Chief Executive Officers

Supervisory Board

Chairman: Jean-Claude Georges-François
11 members, 3 of whom are independent

Committees:
- Audit committee
- Appointments and compensation committee
- Ethics and risk committee
- Investment committee
### Shareholders

**32,200,118 shares**

- **Prédica**: 31.4%
- **Batipart**: 23.6%
- **Malakoff Médéric**: 13.8%
- **ACM VIE**: 10.1%
- **MACSF**: 10.3%
- **Float**: 10.2%
- **Staff – Korian Actionnariat company mutual fund**: 0.6%

**Capital dilution potential**

> Stock options for **0.4%** of the capital

*After share-based dividend and bonus shares awarded*
### Income statements at 30 June 2010

**FRANCE**

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>30 Jun 2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>319.9 €M</td>
<td>310.0 €M</td>
<td>3.2%</td>
</tr>
<tr>
<td>Other external expenses and purchases</td>
<td>59.1 €M</td>
<td>55.2 €M</td>
<td>7.1%</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>165.6 €M</td>
<td>160.5 €M</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>% of revenues</strong></td>
<td>51.7%</td>
<td>51.8%</td>
<td></td>
</tr>
<tr>
<td>Tax</td>
<td>17.8 €M</td>
<td>20.0 €M</td>
<td>-10.9%</td>
</tr>
<tr>
<td><strong>EBITDAR</strong></td>
<td>77.5 €M</td>
<td>74.4 €M</td>
<td>4.2%</td>
</tr>
<tr>
<td><strong>% of revenues</strong></td>
<td>24.2%</td>
<td>24.0%</td>
<td></td>
</tr>
<tr>
<td>External rents</td>
<td>34.5 €M</td>
<td>34.6 €M</td>
<td>-0.4%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>43.0 €M</td>
<td>39.8 €M</td>
<td>8.1%</td>
</tr>
<tr>
<td><strong>% of revenues</strong></td>
<td>13.4%</td>
<td>12.8%</td>
<td></td>
</tr>
<tr>
<td>FRANCE</td>
<td>Mature facilities</td>
<td>Facilities being ramped up</td>
<td>Facilities being redeveloped</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>in €M</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revenues</td>
<td>EBITDAR</td>
<td>EBITDAR margin rate</td>
</tr>
<tr>
<td></td>
<td>30 Jun 10</td>
<td>30 Jun 09</td>
<td>30 Jun 10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mature facilities</td>
<td>174.3</td>
<td>167.2</td>
<td>49.3</td>
</tr>
<tr>
<td>Facilities being ramped up</td>
<td>9.2</td>
<td>7.2</td>
<td>1.4</td>
</tr>
<tr>
<td>Facilities being redeveloped</td>
<td>21.8</td>
<td>20.8</td>
<td>4.3</td>
</tr>
<tr>
<td>Facilities sold off in 2008-2009</td>
<td>0.0</td>
<td>4.1</td>
<td>-0.1</td>
</tr>
<tr>
<td>TOTAL retirement home</td>
<td>205.3</td>
<td>199.3</td>
<td>54.9</td>
</tr>
</tbody>
</table>
## Income statement: Healthcare contribution

**FRANCE**

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>EBITDAR</th>
<th>EBITDAR margin rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 Jun 10</td>
<td>30 Jun 09</td>
<td>30 Jun 10 30 Jun 09</td>
</tr>
<tr>
<td>Mature facilities</td>
<td>87.8</td>
<td>83.0</td>
<td>18.2 16.6</td>
</tr>
<tr>
<td>Facilities ramped up</td>
<td>5.6</td>
<td>5.5</td>
<td>0.7   0.7</td>
</tr>
<tr>
<td>Facilities redeveloped</td>
<td>21.3</td>
<td>21.3</td>
<td>3.6   4.1</td>
</tr>
<tr>
<td>Facilities sold off in 2008-2009</td>
<td>0.0</td>
<td>0.9</td>
<td>0.0 0.2</td>
</tr>
<tr>
<td><strong>TOTAL Healthcare</strong></td>
<td><strong>114.6</strong></td>
<td><strong>110.7</strong></td>
<td><strong>22.5 21.5</strong></td>
</tr>
</tbody>
</table>
### Income statements at 30 June 2010

**ITALY**

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>30 Jun 2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>66.6</td>
<td>56.8</td>
<td>17.1%</td>
</tr>
<tr>
<td>Other external expenses and purchases</td>
<td>38.0</td>
<td>32.9</td>
<td>15.5%</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>14.4</td>
<td>13.4</td>
<td>7.6%</td>
</tr>
<tr>
<td><strong>EBITDAR</strong></td>
<td>14.0</td>
<td>10.5</td>
<td>32.8%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>5.5</td>
<td>3.4</td>
<td>59.0%</td>
</tr>
</tbody>
</table>

(% of revenues)

- Other external expenses and purchases: 21.7% (2010) vs. 23.6% (2009)
- Personnel expenses: 21.0% (2010) vs. 18.5% (2009)
- External rents: 8.2% (2010) vs. 6.1% (2009)
<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>30 Jun 2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>56.2</td>
<td>47.6</td>
<td>18.2%</td>
</tr>
<tr>
<td>Other external expenses and purchases</td>
<td>13.0</td>
<td>11.8</td>
<td>9.6%</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>31.0</td>
<td>26.4</td>
<td>17.2%</td>
</tr>
<tr>
<td><strong>% of revenues</strong></td>
<td>55.1%</td>
<td>55.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>0.1</td>
<td>0.1</td>
<td>-15.0%</td>
</tr>
<tr>
<td><strong>EBITDAR</strong></td>
<td>12.2</td>
<td>9.2</td>
<td>32.8%</td>
</tr>
<tr>
<td><strong>% of revenues</strong></td>
<td>21.6%</td>
<td>19.3%</td>
<td></td>
</tr>
<tr>
<td><strong>External rents</strong></td>
<td>11.9</td>
<td>10.3</td>
<td>15.4%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>0.3</td>
<td>-1.1</td>
<td>ns</td>
</tr>
<tr>
<td><strong>% of revenues</strong></td>
<td>0.5%</td>
<td>-2.4%</td>
<td></td>
</tr>
</tbody>
</table>
## Consolidated balance sheet at 30 June 2010

### SHAREHOLDERS’ EQUITY (Group share)

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>156,863</td>
<td>156,863</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>264,471</td>
<td>264,471</td>
</tr>
<tr>
<td>Consolidated earnings and reserves</td>
<td>250,409</td>
<td>270,883</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity (Group share)</strong></td>
<td><strong>671,742</strong></td>
<td><strong>692,217</strong></td>
</tr>
</tbody>
</table>

### NON-CURRENT LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension provisions</td>
<td>13,166</td>
<td>12,443</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>202,127</td>
<td>201,745</td>
</tr>
<tr>
<td>Other provisions</td>
<td>8,078</td>
<td>7,390</td>
</tr>
<tr>
<td>Borrowings and financial debt</td>
<td>539,731</td>
<td>511,149</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>763,101</strong></td>
<td><strong>732,725</strong></td>
</tr>
</tbody>
</table>

### CURRENT LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions &lt; 1 year</td>
<td>1,420</td>
<td>2,439</td>
</tr>
<tr>
<td>Trade payables and related</td>
<td>92,058</td>
<td>87,651</td>
</tr>
<tr>
<td>Other liabilities and accruals</td>
<td>241,282</td>
<td>213,436</td>
</tr>
<tr>
<td>Borrowings &lt; 1 year and bank overdrafts</td>
<td>30,463</td>
<td>53,650</td>
</tr>
<tr>
<td>Financial instrument liabilities</td>
<td>42,058</td>
<td>27,517</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>407,367</strong></td>
<td><strong>357,693</strong></td>
</tr>
</tbody>
</table>

### TOTAL LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities held for sale</td>
<td>2,535</td>
<td>685</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,857,318</strong></td>
<td><strong>1,821,769</strong></td>
</tr>
</tbody>
</table>

### SHAREHOLDERS’ EQUITY

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
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</thead>
<tbody>
<tr>
<td>SHAREHOLDERS’ EQUITY (Group share)</td>
<td><strong>671,742</strong></td>
<td><strong>692,217</strong></td>
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### TOTAL ASSETS

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<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>31 Dec 2009</th>
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<tbody>
<tr>
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<td><strong>1,857,318</strong></td>
<td><strong>1,821,769</strong></td>
</tr>
</tbody>
</table>

### CURRENT ASSETS

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>267,480</strong></td>
<td><strong>271,539</strong></td>
</tr>
</tbody>
</table>

### NON-CURRENT ASSETS

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>1,857,318</strong></td>
<td><strong>1,547,580</strong></td>
</tr>
</tbody>
</table>

### CURRENT ASSETS

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>267,480</strong></td>
<td><strong>271,539</strong></td>
</tr>
</tbody>
</table>

### NON-CURRENT ASSETS

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>31 Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>1,857,318</strong></td>
<td><strong>1,547,580</strong></td>
</tr>
</tbody>
</table>

### CONSOLIDATED BALANCE SHEET

- **Intangible Fixed Assets**: 1,219,925 (2010), 1,209,738 (2009)
- **Tangible Fixed Assets**: 326,828 (2010), 301,379 (2009)
- **Deferred tax assets**: 27,495 (2010), 23,140 (2009)
- **Total non-current assets**: 1,857,318 (2010), 1,547,580 (2009)
- **Total assets**: 1,857,318 (2010), 1,821,769 (2009)

### SHAREHOLDERS’ EQUITY

- **Capital**: 156,863 (2010), 156,863 (2009)
- **Additional paid-in capital**: 264,471 (2010), 264,471 (2009)
- **Consolidated earnings and reserves**: 250,409 (2010), 270,883 (2009)
- **Minority interests**: 12,572 (2010), 11,445 (2009)
- **Total shareholders’ equity**: 671,742 (2010), 692,217 (2009)

### Earnings at 30 June 2010

- **Consolidated balance sheet**
  - **Total shareholders’ equity**
  - **Total liabilities**
    - 1,857,318 (2010), 1,821,769 (2009)
  - **Total assets**
    - 1,857,318 (2010), 1,821,769 (2009)
<table>
<thead>
<tr>
<th></th>
<th>30 Jun 2010</th>
<th>30 Jun 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operations</td>
<td>27.8</td>
<td>20.1</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>-13.9</td>
<td>9.1</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>13.9</td>
<td>29.2</td>
</tr>
<tr>
<td>Net cash from investment activities</td>
<td>-47.6</td>
<td>-2.7</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>-33.7</td>
<td>26.5</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>26.8</td>
<td>55.1</td>
</tr>
<tr>
<td>Change in cash flow</td>
<td>-6.9</td>
<td>81.6</td>
</tr>
<tr>
<td><strong>Cash position</strong></td>
<td><strong>58.4</strong></td>
<td><strong>145.2</strong></td>
</tr>
</tbody>
</table>