ANOTHER YEAR OF STRONG EARNINGS GROWTH IN 2017

- **REVENUE UP 10.5% TO €3,138M**
- **EBITDA UP 15.4% TO €548M**
- **20.5% INCREASE IN THE REAL ESTATE PORTFOLIO TO €5.0 BILLION**

STRONG NETWORK GROWTH OVER THE YEAR: 9,556 NEW BEDS

- **NETWORK OF 86,650 BEDS AT 818 FACILITIES IN 12 COUNTRIES**

Puteaux, 27 March 2018 (6:15pm CEST)

The ORPEA group, a world leader in long-term care (nursing homes, post-acute and rehabilitation hospitals, psychiatric hospitals, and homecare services), today announce its consolidated results[1] for the financial year to 31 December 2017, as approved by the Board of Directors held on 27 March 2018.

Yves Le Masne, Chief Executive Officer of ORPEA, commented:

"2017 saw a new acceleration in the international expansion of ORPEA, as we established a base in Brazil and Portugal and continued our value-creating developments. Nearly 10,000 additional beds have been added to our network since the end of 2016, of which 60% by Greenfields

Thanks to our loyal teams, our high-quality model and our organisation, we have achieved this impressive momentum on the development front while delivering a brisk increase in our profitability and a stronger balance sheet, with:

- *our EBITDA margin rising 80 basis points*
- *the size of our real estate portfolio growing by €845m to €5 billion*
- *our debt ratios improving.*

We have demonstrated our willingness to become a world leader in long-term care, while generating strong profitability and maintaining a high level of financial flexibility. Over the past 2 years, our network has grown by 28% and the real estate portfolio by 44%. At the same time, our revenue and EBITDA have increased by 31% and 37% respectively. In parallel, we have settled the foundations for the next phase of global expansion over the coming 5 to 10 years and we are today in a unique position to meet the global challenge of population ageing.

We will thus continue to build up our international expansion, in our longstanding countries and new territories, harnessing our expertise in rolling out a model focused on quality and value creation."

[1] The financial statements are currently being audited.

Sound earnings growth in 2017

(€ m) (IFRS)	2017	2016	Chg.
Revenue	**3,138**	2,841	*+10.5%*
EBITDAR (EBITDA before rents)	**846**	769	*+10.0%*
EBITDA	**548**	475	*+15.4%*
Recurring operating profit	**394**	348	*+13.3%*
Net financial cost	**-135**	-112	*+21.4%*
Profit before tax[2]	**275**	259	*+6.1%*
Net profit excluding ORNANE and discounting deferred taxes[2]	**198**	178	*+11.4%*

ORPEA's **2017 revenue** grew by 10.5% to €3,138.2m. It was underpinned by a strong organic growth of 5.4% and by a rapid pace of acquisitions outside France, including Spitex in Switzerland, Dr. Dr. Wagner in Austria, Anavita in the Czech Republic and Sanyres[3] in Spain.

EBITDAR (EBITDA before rents) rose by 10.0% to €846.2m, representing 27.0% of revenue, almost stable compared to 2016. The EBITDAR margin excluding the principal acquisitions consolidated in 2017 (Spitex, Dr. Dr. Wagner, Anavita and Sanyres[3]) came out to 27.5%, up 40 basis points compared to 2016.

Thanks to the strategy of increasing the real estate ownership rate (up to 45% at year-end 2017 from 39% in 2016), rental expenses barely rose to €298.5m from €294.9m in 2016.

EBITDA increased by 15.4% to €547.7m, or 17.5% of revenue, an improvement of 80 basis points compared to 2016. The Group successfully achieved a significant increase in its profitability in parallel with its very strong development, including acquisitions and expansion into new countries.

After €153.3m in depreciation, amortisation and provisions (up 21.2% owing to additions to the real estate portfolio), recurring operating profit came out to €394.4m (up 13.3%).

Net financial costs rose by 21.4% to €135.4m as a result of numerous acquisitions completed over the past 12 months.

Income tax expense[2] declined by 4.6% to €81.7m thanks to the Group's international expansion.

Lastly, net profit excluding ORNANE and discounted deferred taxes[2] rose by 11.4% to €197.8m. This increase outpaced the Group revenue growth, demonstrating the strength of ORPEA's business model.

Dividend of €1.10 per share proposed

At the Annual General Meeting on 28 June 2018, the Board of Directors will propose paying out a dividend of €1.10 per share in respect of the 2017 financial year, compared with €1.00 for the previous financial year.

[2] Excluding the non-cash charge arising from the accounting treatment of the ORNANE bonds of €160.9m (fully offset by an increase in equity) and excluding the €52.9m gain from discounting deferred taxes in 2017.
[3] Sanyres consolidated as of 01.07.2016

Further increase in the real estate portfolio to €5.0 billion[4]

The 1.84m sq. metre real estate portfolio was valued at €4,970m[4] at 31 December 2017. This represented an increase of €845m in 2017 and €1.5 billion over the past 2 years. This 20.5% growth reflects the Group's strategy of increasing its real estate ownership rate, specifically in Germany, Austria, Italy and the Czech Republic.
Its real estate ownership rate now stands at 45%, close to the Group's target, compared with 36% at 31 December 2015.
Its valuation by independent appraisers implies an average capitalisation rate of 6.0%, compared with 6.1% at year-end 2016. It represents a conservative valuation by comparison with recent market transactions for the same type of assets, priced at yields of 4.5%.
This real estate portfolio gives ORPEA a unique position in the sector. It will secure its cash flow over the long term and make its balance sheet more flexible and secure.

A strengthened financial structure

Net debt stood at €4,413m[5] at 31 December 2017, almost stable compared to its level at 30 June 2017 supported by the ORNANE redemption and the strengthening of its equity.
Real estate debt accounted for 85% of the total and debt ratios improved despite ORPEA strong pace of development. At 31 December 2017:
- the financial leverage ratio restated for real estate stood at 2.1x compared with 2.3x at 31 December 2016 (covenant of 5.5x)
- restated gearing came to 1.4x vs. 1.5x at 31 December 2016 (covenant of 2.0x)

The average borrowing cost continued to fall to 3.1%. Net debt is fully hedged against the risk of interest rates rise.

A favourable inflationary environment

With an anticipation strategy initiated several years ago, an upturn in inflation and in interest rates would have a positive effect on ORPEA's profitability. The Group's revenue will benefit from an inflation acceleration (most daily rates are inflation-linked), while its costs are tightly controlled: strengthened bargaining power, 50% of the rents are subject to a fixed rate or are capped, debt is fully hedged at a fixed rate.

Inaugural issue of a €400m public bond placement

In February 2018, ORPEA completed the placement of an inaugural public 7-year bond issue of €400m (due in March 2025) with an annual fixed-rate coupon of 2.625%.

The successful inaugural issue amid volatile market conditions is a testament to credit investors' confidence in the Group (over 115, 44% outside France).
The issue is in line with the financing strategy implemented by the Group since 2012 consisting in:
- diversifying its financing sources: after private bond placements and Schuldscheine, the public market will further expand its base of credit investors
- extending the debt maturity at an attractive cost.

A network of 86,650 beds in 12 countries and a strong increase in the growth pipeline

ORPEA has continued to develop its network at a very fast pace with the expansion into two new countries (Brazil and Portugal) as well as new authorisations and/or acquisitions in countries where the Group already operates

Over the last 12 months, the network has grown by 12% with 9,556 additional beds including:
- 5,712 beds (60% of additional beds) through organic development
- 3,844 beds through acquisitions of groups (Anavita and Dr. Dr. Wagner) and independent facilities

[4] Excluding the €33m in real estate assets held for sale
[5] Excluding €64m in liabilities associated with assets held for sale

ORPEA's network now includes 86,650 beds at 818 facilities in 12 countries. The number of beds outside France now accounts for 61% of the overall network, compared with 40% only three years ago.

The pipeline of beds under construction and redevelopment has risen by 53% over the past two years to 13,379 beds, with 83% of them outside France. This pipeline provides the Group an exceptional visibility as it will fuel part of its organic growth over the next 4 to 5 years in locations with a strong purchasing power.

	Number of facilities	Number of beds	Beds opened	Beds being restructured	Beds under construction
France	357	33,437	31,214	1,130	1,093
Germany	165	17,572	14,997	-	2,575
Austria	81	7,042	6,858	-	184
Belgium	60	7,443	5,675	134	1,634
Brazil	13	2,185	-	-	2,185
China	1	140	140	-	-
Spain	47	8,071	7,764	-	307
Italy	15	1,736	1,471	-	265
Poland	18	2,080	972	-	1,108
Portugal	10	1,141	-	-	1,141
Czech Rep.	17	2,463	1,542	-	921
Switzerland	34	3,340	2,638	-	702
TOTAL	818	86,650	73,271	1,264	12,115

Dynamic and innovative training policy to retain employees

To support its strong development, ORPEA constantly expands its training policy in an effort to retain and promote internal mobility of its 55,000 employees. In 2017, the Group increased the number of training hours provided to all its employees by 30% through its 200 partnerships with schools.

New training courses were introduced outside France to reinforce the ORPEA culture of quality and internal promotion. For example, the Austrian subsidiary founded the SeneCura Academy, which delivers training recognised by the country's supervisory authorities for all nursing staff. Similarly, the Senevita Academy is due to open in Switzerland in 2018. The university diploma of Care Facility Management created in partnership with the University of Nice Sophia Antipolis is being introduced across all the countries where the Group operates.
ORPEA has also created dedicated training for Facility Managers with the aim to develop a strategy of forward planning to prevent psychosocial risks and promote quality of life in the workplace.

These initiatives will raise the profile of the care occupations and bolster employees' motivation, engagement and quality of life and, as a result, they will enhance the quality of care provided to our residents and patients.

Strategy and outlook

ORPEA intends to continue its expansion strategy outside France, both in countries where the Group is already present and in new territories. This expansion will be done by the establishment of new facilities in regions with strong purchasing power and by opportunistic, selective and small-scale acquisitions. ORPEA, previously a European group, is becoming a world leader by leveraging its model focused on the quality of services it provides for the well-being of its residents and patients and on long-term value creation over the long term.

ORPEA reiterates its revenue target of €3,400m for 2018 (an 8.3% increase from 2017), together with an EBITDA margin equal to or higher than its 2017 level.

Next press release: Q1 2018 revenue
2 May 2018 after market close

About ORPEA (www.orpea-corp.com)

Since its creation in 1989, ORPEA has expanded rapidly to become one of the main world leader in long-term care, with its network of 818 facilities, with 86,650 beds (13,379 of them under construction or redevelopment), including:

- 33,437 beds in France (2,223 beds under construction or redevelopment) at 357 facilities
- 53,213 beds outside France (Austria, Belgium, Brazil, China, Czech Republic, Germany, Italy, Poland, Portugal, Spain and Switzerland) at 461 facilities (11,156 beds under construction or redevelopment)

ORPEA is listed on Euronext Paris (ISIN code: FR0000184798) and a constituent of the SBF 120, STOXX 600 Europe, MSCI Small Cap Europe and CAC Mid 60 indices.

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Glossary:

Organic growth	Organic growth reflects the following factors: 1. The year-on-year change in the revenue of existing facilities as a result of changes in their occupancy rates and per diem rates 2. The year-on-year change in the revenue of redeveloped facilities or those where capacity has been increased in the current or year-earlier period 3. Revenue generated in the current period by facilities created in the current or year-earlier period, and the change in revenue at recently acquired facilities by comparison with the previous equivalent period
EBITDAR	EBITDA before rents, including provisions related to external charges and staff costs
Recurring EBITDA	Recurring operating profit before net additions to depreciation and amortisation, including provisions related to external charges and staff costs
Pre-tax profit on ordinary activities	Recurring operating profit - Net financial expense
Net debt	Non-current borrowings + current borrowings - cash and short-term investments
Financial leverage restated for real estate assets	(Net debt - Real estate debt)/(EBITDA - (6% x Real estate debt))
Restated gearing	Net debt/(Equity + Deferred taxes available indefinitely on intangible assets)

Consolidated income statement (Audit in progress)

In €m	31-Dec-2017	31-Dec-2016
Revenue	**3,138.2**	**2,841.2**
Purchases used and other external expenses	-861.4	-817.4
Staff costs	-1,639.5	-1,467.3
Taxes other than on income	-104.4	-96.6
Depreciation, amortisation and charges to provisions	-153.3	-126.5
Other recurring operating income and expense	14.8	14.5
Recurring operating profit	**394.4**	**348.1**
Other non-recurring operating income and expense	16.2	22.9
Operating profit	**410.6**	**371**
Net interest expense	-135.4	-111.6
Profit before tax[1]	**275.2**	**259.4**
Income tax expense[1]	-81.7	-85.6
Share in profit/(loss) of associates and joint ventures	4.4	3.8
Impact of early redemption and fair-value of ORNANE bond	-160.9	-1.2
Discounting deferred income taxes	52.9	80.0
Consolidated net profit	89.8	256.4
Net profit excluding impact of ORNANE and discounting deferred taxes [1]	**198.0**	**177.6**

Consolidated balance sheet (Audit in progress)

In €m	31-Dec-2017	31-Dec-2016
Non-current assets	**8,216**	**7,131**
Goodwill	1,002	982
Intangible assets	2,066	1,889
Property, plant and equipment and properties under development	4,970	4,125
Other non-current assets	177	135
Current assets	**1,413**	**1,104**
Cash and short-term investments	*614*	*540*
Assets held for sale	**64**	**140**
Total assets	**9,692**	**8,375**
Equity attributable to ORPEA's shareholders and deferred taxes available indefinitely	**3,124**	**2,556**
Equity attributable to ORPEA's shareholders	2,697	2,113
Deferred taxes available indefinitely on operating intangible assets	427	443
Non-controlling interest	**0**	**0**
Non-current liabilities	**5,127**	**4,437**
Other deferred tax liabilities	424	354
Provisions for liabilities and charges	177	207
Non-current financial liabilities	4,621	3,801
Change in the fair value of the conversion right embedded in the ORNANE bonds	-	75
Current liabilities	**1,282**	**1,242**
o/w current financial liabilities (bridge loans and real estate porting)	*405*	*419*
Liabilities associated with assets held for sale	**64**	**140**
Total equity and liabilities	**9,692**	**8,375**

Cash flows (Audit in progress)

In €m	31-Dec-2017	31-Dec-2016
Net cash generated/(used) by operating activities	**398**	**347**
Investments in construction projects	-303	-250
Acquisitions of real estate	-631	-545
Disposals of real estate	31	139
Net investments in operating assets	-164	-131
Net cash generated/(used) by investing activities	**-1,067**	**-787**
Net cash generated/(used) by financing activities	**743**	**461**
Change in cash over the period	74	21
Cash at end of period	**614**	**540**

[1] Excluding the non-cash charge arising from the accounting treatment of the ORNANE bonds of €160.9m (fully offset by an increase in equity) and excluding the €52.9m gain from discounting deferred taxes in 2017.