



STRONG INCREASE IN 2012 RESULTS

- REVENUES UP 16% TO €1,429 MILLION
- RECURRING OPERATING PROFIT UP 19% TO €194 MILLION
- ATTRIBUTABLE NET PROFIT UP 21% TO €97 MILLION

FURTHER PROFITABLE GROWTH TARGETED IN 2013

- REVENUES: €1,600 MILLION
- HIGHER PROFITABILITY

ANOTHER MILESTONE IN ITS EUROPEAN DEVELOPMENT: A NETWORK OF OVER 40,000 BEDS

Puteaux, 27 March 2013

ORPEA, the leading European player in Long-Term Care (nursing homes), Post-Acute Care and Psychiatric Care, has today announced its consolidated results¹ for the financial year to 31 December 2012.

In €m (IFRS)	2012	2011	▲%
Revenues	1,429.1	1,234.1	+15.8%
EBITDAR (EBITDA before rents)	368.5	311.4	+18.4%
EBITDA	256.3	218.2	+17.5%
Recurring operating profit	193.7	163.2	+18.7%
Operating profit	222.2	190.0	+16.9%
Profit before tax	149.4	125.0	+19.5%
Attributable net profit	97.0	80.3	+20.8%

¹ The financial statements are currently being audited.

Commenting on these figures, Yves Le Masne, ORPEA's Chief Executive Officer, said: "After two years (2010 and 2011) of strong expansion, ORPEA had an excellent year in 2012 combining:

- Strong business growth (+15.8%);
- Solid progress in all its profitability indicators, at a faster pace than growth in revenues (recurring operating margin up 40 basis points);
- Greater financial flexibility;
- Increase in the real estate portfolio in full ownership to €2.4 billion.

At the same time, the Group continued to pursue expansion, focusing on projects creating substantial value, especially in international markets. With the addition of 3,660 new beds since the beginning of 2012, the network has moved above the 40,000 bed mark, including 27% outside France.

Thanks to its effective business model, ORPEA has started 2013 with confidence and anticipates another year of strong top-line growth (revenue target of €1,600 million), together with further profitability improvement, debt under control and additional selective developments.

Buoyed by this strong business performance, ORPEA has steadily improved the quality of the long-term care it provides for the elderly in its facilities as part of its civic-minded approach."

ORPEA, a civic-minded approach meeting the needs of the elderly

Over the past five years, ORPEA has invested more than €1.5 billion to meet demand in society for facilities offering high-quality care, service and accommodation to look after the elderly and at the same time providing a boost to the regional economies.

Over the past five years, ORPEA has created more than 7,000 long-term jobs that cannot be offshored and has a total workforce of 25,000. As well as offering a wide variety of different jobs, ORPEA has ratcheted up its policy of providing training in jobs related to the care of the elderly and delivered over 200,000 hours of training in 2012.

As a responsible employer that strives to promote diversity within its teams, the Group is also heavily involved in integrating and retaining people with disabilities within its workforce and employees close to retirement age.

ORPEA also pays close attention to the environmental quality of its facilities, as prescribed by its internal engineering and project management department. Its new facilities meet the highest energy performance standards, and the Group invests several million euros every year in improving the energy efficiency of existing facilities.

Lastly, ORPEA shares its know-how by working closely with not-for-profit associations and organisations caring for the dependent elderly, and it is actively involved in promoting health education for the broader population.

Strong profitability improvement

Full-year 2012 revenues rose by 15.8% to €1,429 million on the back of brisk organic growth² (8.2%) and the contribution made by acquisitions, especially in international markets.

² Organic growth reflects the following factors: 1. the growth in revenues (in period n vs. period n-1) of existing facilities as a result of changes in their occupancy rates and daily rates, 2. the growth in revenues (in period n vs. period n-1) of refurbished facilities or those with capacity increased during period n or n-1, and 3. Revenues generated in period n by facilities set up in period n or n-1. Organic growth includes the improvement in revenues recorded at recently-acquired facilities by comparison with the previous equivalent period.

EBITDAR (EBITDA before rents) increased by 18.4% to €368.5 million. After an increase of 80 basis points in 2011, the EBITDAR margin rose by a further 60 basis points during 2012 to reach 25.8% of revenues.

Rental expenses rose 20.5% to €112.2 million owing chiefly to the impact of acquisitions and divestments of facilities. At comparable structure, rents edged up by just 1.6% owing to careful management of rent indexation.

EBITDA increased by 17.5% to €256.3 million.

Recurring operating profit advanced by 18.7% and accounted for 13.6% of revenues, which represents a 40 basis point improvement on the 2011 level. This performance was driven predominantly by the ramp-up in mature facilities, which produced higher margins than those of beds under development: mature beds now account for 79% of the total for the network, up from 65% at year-end 2011.

Operating profit (EBIT) rose by 16.9% to €222.2 million. This reflected a non-recurring gain after tax of €28.5 million, compared with €26.8 million in 2011 owing in particular to real estate disposals. The **net cost of debt** came to €72.8 million, representing a modest increase of 12% on 2011, despite further expansion by the Group.

Attributable net profit for 2012 totalled €97 million, representing an increase of 20.8%, in spite of the unfavourable impact of the increased tax burden from 2012 (over €6 million).

Dividend of €0.60 per share proposed

At the Annual General Meeting, the Board of Directors will propose paying out a dividend of €0.60 per share for the 2012 financial year, compared with €0.50 in the previous financial year. This dividend would represent a payout ratio of 33% of attributable net profit.

Real estate portfolio: a strategic asset worth €2.4 billion

At 31 December 2012, the portfolio represented a developed area of 824,000 sqm (out of more than 1 million sqm in land) consisting of 248 buildings, 142 of which are partially owned.

In line with its strategy of owning a significant portion of its asset base, ORPEA increased its real estate portfolio by €187 million during 2012. Its total value came to €2,404 million³ and broke down as follows:

- €2,069 million in assets built and operated, up 13% on the previous year, predominantly through acquisitions and project completions. The portfolio's value remained stable on a like-for-like basis.
- €335 million in assets under construction or refurbishment, and land.

These new or recently completed buildings, which are of a high architectural quality and situated in strategic locations, give the Group considerable asset value, while underpinning its medium- and long-term profitability.

Capitalising on investor interest in the real estate owned by the Group and highly attractive level of rents and indexation, ORPEA stepped up the pace of its disposals during 2012 to €300 million.

³ Excluding the impact of €121 million in assets held for sale

Tight grip on debt and greater financial flexibility

Shareholders' equity, Group share totalled €1,209 million at 31 December 2012, compared with €1,152 million at 31 December 2011.

Net debt stood at €1,802 million⁴, almost stable compared with its level at 30 June 2012. It is still mainly property-related (85%), secured by high-quality assets that are not very volatile.

The Group's two main debt ratios declined by comparison with 30 June 2012. At 31 December 2012, they were as follows:

- financial leverage restated for real estate assets = 1.7x compared with 2.1x at 30 June 2012 (authorised level of 5.5x);
- adjusted gearing = 1.2x compared with 1.3x at 30 June 2012 (authorised level of 2.0x).

Following the various private placements it completed in 2012, the Group's finances are now on an even firmer footing:

- at 31 December 2012, 29% of net debt consisted of non-bank debt, compared with 11% at year-end 2011;
- the average maturity of net debt rose from 4.1 years to 5 years at year-end 2012.

Capitalising on a highly favourable interest-rate environment, the Group continued to enhance its hedging arrangements, and around 90% of debt is hedged for 2013. Over the 2014-2017 period, around 95% of debt is hedged at highly attractive rates, which will automatically lead to a reduction in the cost of debt over the coming years.

European leader with 40,374 beds

Since the beginning of 2012, the Group has continued to expand its network by gaining new licences and making selective acquisitions, especially outside France, adding Artevida in Spain and Medibelge⁵ in Belgium.

ORPEA has now reached a new milestone in its development, with more than 40,000 beds in its network, including 10,000 outside France.

At 1 March 2013, the network comprised 40,374 beds in 431 facilities, breaking down as follows:

	TOTAL	France	Spain	Belgium	Italy	Switzerland
Beds in operation	34 972	26 488	2 938	4 510	871	165
<i>o/w under refurbishment</i>	<i>3 246</i>	<i>2 334</i>	<i>0</i>	<i>912</i>	<i>0</i>	<i>0</i>
Beds under construction	5 402	2 989	0	2 008	405	0
Total number of beds	40 374	29 477	2 938	6 518	1 276	165
Number of facilities	431	339	22	56	12	2

Despite the acceleration in the pace of new openings in 2012, ORPEA still boasts the greatest growth reservoir in the sector, with 8,648 beds under refurbishment or under construction.

⁴ Excluding €121 million in debt associated with assets held for sale

⁵ Since 1 July 2012, ORPEA has held 100% of Medibelge's capital.

Summing up, Doctor Jean-Claude Marian, Chairman of ORPEA, said: *“Over the past 10 years, ORPEA has achieved spectacular expansion across Europe, with its network of facilities and workforce growing fivefold and its revenues and net profit by a factor of 9.2x. At the same time, the Group has helped to increase the professionalism of the sector and developed innovative new ways of meeting the needs of and enhancing the continuity of care for the elderly.*

It will continue to pursue the strategy initiated in early 2012 combining margin improvement, cash generation, a tight grip on the debt burden and value-creating expansion during 2013 and over the coming years.

The Group is active in developments bringing the private sector together with the charity and public sectors to optimise care arrangements while meeting investment constraints.

ORPEA is perfectly equipped to execute this strategy smoothly, since it possesses:

- *A unique capacity to identify development opportunities on attractive terms;*
- *A network of mature beds accounting for 79% of the network’s total, generating strong cash flow;*
- *Totally secure organic growth over the next few years owing to its growth reservoir of 8,648 beds under construction or refurbishment;*
- *Flexible and optimised financial structure.*
- *A civic-minded approach focused on improving care for the dependent elderly and providing a boost to local economies.”*

**Next press release: Q1 2013 revenues
30 April 2013 before market opens**

About ORPEA (www.orpea-corp.com)

Listed on Euronext Paris since April 2002 and a member of the Deferred Settlement Service, the ORPEA group is the leading European player in the Long-Term Care and Post-Acute Care sectors.

At 1st March 2013, the Group had a unique European network of 431 healthcare facilities with 40,374 beds (34,972 of them operational), including:

- 29,477 beds in France: 26,488 operational (including 2,334 being renovated) + 2,989 under construction, at 339 facilities,
- 10,897 beds in Europe (Spain, Belgium, Italy and Switzerland): 8,484 operational (including 912 being renovated) + 2,413 under construction, at 92 facilities.

Listed on Euronext Paris Compartment of NYSE Euronext
Member of the **CAC Mid 60** and **SBF 120** indices - Member of the **SRD**
ISIN: FR0000184798 - Reuters: **ORP.PA** - Bloomberg: **ORP FP**



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