



2015: GROWTH, PROFITABILITY AND STRENGTHENING OF THE REAL-ESTATE PORTFOLIO

- REVENUES UP 22.7% TO €2,392M
- EBITDAR UP 21.3% TO €652M
- VALUE OF THE REAL-ESTATE PORTFOLIO UP €626M TO €3.4 BILLION

EUROPEAN NETWORK OF 70,972 BEDS AND 715 FACILITIES

- SELECTIVE NEW DEVELOPMENTS: +2,232 BEDS
- TOTAL OF 16,874 BEDS ADDED SINCE THE START OF 2015 (+31%)

2016: PROFITABLE GROWTH AND DEVELOPMENT

- REVENUE TARGET OF €2,720 MILLION (+13.7%) AND SOLID PROFITABILITY

Puteaux, 30 March 2016

The ORPEA group, a 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 ended 31 December 2015.

€ m (IFRS)	2015	2014	Change
Revenues	2,391.6	1,948.6	+22.7%
EBITDAR (recurring EBITDA before rent)	652.4	537.8	+21.3%
Recurring EBITDA	400.3	350.1	+14.3%
Recurring operating profit	303.3	271.2	+11.8%
Operating profit	325.0	308.9	+5.2%
Profit before tax ²	228.2	209.8	+8.8%
Attributable net profit ²	153.3	136.3	+12.5%

¹ The financial statements are currently being audited.

² Excluding change in the fair value of share allotment entitlements embedded in ORNANE bonds, which had a non-cash impact of -€26.7 million in 2015 and -€15.6 million in 2014

Commenting on these figures, Yves Le Masne, ORPEA's Chief Executive Officer, said:

"2015 was another exceptional year for ORPEA. We exceeded all of our targets. Not only did we successfully integrate our 2014 acquisitions, but we made new strategic developments and increased our results:

- we grew our revenue by almost 23%, equating to over €440 million of additional revenue;*
- we strengthened our international network by adding 16,874 beds (including Vitalis in Germany and Medi-System in Poland, which are integrated from January 2016);*
- our EBITDAR rose by 21.3% to over €650 million;*
- and the value of our real-estate portfolio increased by €626 million to reach, now, over €3.4 billion.*

With our ten development platforms in countries showing strong demand, and with our growth-ready organisation in France, as well as abroad, we will pursue our profitable growth strategy in 2016 and beyond:

- constant improvement and maximisation of the quality of our offering, thereby underpinning our long-term financial performance;*
- creation of new facilities and bolt-on acquisitions;*
- opening, over the next 3 years, of the 9,000 beds under construction and redevelopment;*
- increase of our real-estate portfolio to achieve an ownership rate of 40-50%.*

In 2016, and without taking into account any possible new developments, we are aiming for revenue of €2,720 million (+13.7%) and further solid profit growth."

Solid growth in all financial indicators against a background of rapid expansion

2015 revenues grew 22.7% to €2,391.6 million, driven by further solid organic growth³ (+5.4%) and international acquisitions including Silver Care, Celenus Kliniken and Residenz Gruppe Bremen in Germany, along with SeneCura in Austria.

EBITDAR (EBITDA before rent) rose 21.3% to €652.4 million. That equates to 27.3% of revenues, reduced to only 30 basis points because of acquisitions in 2015 (SeneCura, Celenus and Residenz Gruppe); excluding those acquisitions, EBITDAR margin would have been 27.6%, strong and unchanged relative to 2014.

Rental expenses amounted to €252.2 million versus €187.7 million in 2014. Three quarters of the increase relates to acquisitions in Switzerland, Germany and Austria, where almost all of ORPEA's facilities are rented. At constant scope, rental expenses rose by only 1.1%.

Recurring EBITDA grew 14.3% to €400.3 million. That equates to 16.7% of revenues as opposed to 18.0% in 2014, the reduction being caused by rental expenses at acquired companies.

After €96.9 million of depreciation and amortisation (+22.9%), recurring operating profit was €303.3 million.

Operating profit totalled €325.0 million (+5.2%). This includes non-recurring net profit of €21.7 million as opposed to €37.7 million 2014, due to a reduction in property disposals in line with the Group's real-estate strategy.

³Organic revenue growth reflects the following factors: 1. The year-on-year change in the revenues of existing facilities as a result of changes in their occupancy rates and daily 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, and 3. The revenues of facilities created the year or the previous year, and the change in revenues at recently acquired facilities by comparison with the previous equivalent period.

The **cost of debt** fell 2.4% to €96.8 million⁴, despite sustained investment. The reduction in financial expenses was due to a lower average interest rate resulting from ORPEA's stronger financial position.

After tax expense of €77.3 million⁴ (+2.7%), **attributable net profit** rose 12.5% to €153.3 million⁴ in 2015.

Proposed dividend of €0.90 per share

At the 23 June 2016 Annual General Meeting, the Board of Directors will propose a dividend of €0.90 per share with respect to 2015, as opposed to €0.80 for the previous financial year.

ORPEA is maintaining the distribution strategy, retaining the majority of its results for investment and network development.

Strong growth in the value of the real-estate portfolio to over €3.4 billion⁵

In line with its strategy, ORPEA significantly strengthened its real-estate portfolio in 2015, increasing its net value by €626 million or 23%, including purchases in Germany, Austria and Spain on attractive terms.

At 31 December 2015, the portfolio was worth €3,409 million⁵, representing a developed area of 1,155,500 m² or an ownership rate of 36%.

The portfolio consists of high-quality assets, i.e. recently developed buildings in good locations and with secure rents: ORPEA occupies these buildings, thus removing the risk of vacancy.

The fact that ORPEA owns a substantial proportion of its facilities helps to secure earnings over the medium and long term, as well as giving the group operational flexibility and increasing its asset value. This long-standing strategy is one of ORPEA's hallmarks, and is supported by changes in accounting standards (IFRS 16) due to come into force in 2019: since leases will be restated on the assets and liabilities side of the balance sheet, it makes sense to own the buildings.

Solid, secure financial position

At 31 December 2015, net debt broke down as follows:

- Operational net debt⁶ of €655 million, equal to only 2.8x EBITDA, whereas revenues have risen by 50% in the last two years;
- Real-estate net debt⁷ of €2,360 million, secured by a real-estate portfolio worth €3,409 million.

This gives ORPEA a high degree of financial flexibility to continue both its real-estate and operational developments.

The Group's debt ratios at 31 December 2015 remained well below the authorised limits:

- financial leverage restated for real-estate assets = 2.9x (authorised level of 5.5x);
- adjusted gearing = 1.4x (authorised level of 2.0x).

The average interest rate continued to fall to 3.8% in 2015, representing a 50-basis-point decline in the last two years. 90% of medium- and long-term net debt is fixed-rate (either at the outset or swapped to fixed rate), guaranteeing an interest rate of 3.0% in 2020.

⁴Excluding the change in the fair value of share allotment entitlements embedded in ORNANE bonds.

⁵ Excluding €127 million of assets held for sale

⁶ Excluding €73 million in debt associated with assets held for sale

⁷ Excluding €127 million in debt associated with assets held for sale

New phase of rapid network expansion since the start of 2015, with the addition of 16.874 beds

Since the start of 2015, ORPEA has again significantly strengthened its international network, increasing the number of beds by 16,874 or over 30%.

- It has acquired regional and national operators representing 13,035 beds: SeneCura in Austria, Celenus Kliniken, Residenz Gruppe Bremen and Vitalis (January 2016) in Germany and Medi-System in Poland (January 2016).
- It has set up greenfield projects in Germany representing 1,607 beds.
- It has carried out selective new developments between September 2015 and March 2016 representing 2,232 beds, including acquisitions in Spain, Austria and Germany.

At end-March 2016, the network had 70,972 beds across 715 facilities in nine countries, breaking down as follows:

	Total number of sites	Total number of beds	Beds in operation	<i>Beds under redevelopment</i>	Beds under construction
France	352	32,688	30,835	1,140	1,853
Belgium	61	7,387	5,860	322	1,527
Spain	25	4,034	4,034	-	-
Italy	16	1,728	1,196	60	532
Switzerland	27	2,705	2,243	-	462
Germany	166	16,810	13,996	82	2,814
Austria	58	4,591	4,462	-	129
Czech Republic	3	325	205	-	120
Poland	7	704	704	-	-
TOTAL	715	70,972	63,535	1,604	7,437

The international network now accounts for 54% of the total with 38,284 beds, a figure that has doubled since the start of 2014.

At end-March 2016, the growth pipeline consisted of 9,041 beds in facilities under construction and redevelopment, two thirds of which are outside France including numerous facilities in high-potential areas such as Berlin, Zurich and Prague.

In China, ORPEA has just opened its first nursing home in Nanjing, comprising 140 beds. This is a pilot project in a country that is facing a rapidly ageing population and a lack of suitable care facilities. The facility offers the highest standards of care and residential services, to meet the requirements of customers with high disposable incomes. The team is now welcoming its first residents.

2016: strategy focusing on value creation

ORPEA operates in a sector where demand for dependency care is very strong, regardless of the economic, financial or geopolitical context. With its unique business model, it intends to achieve profitable growth in 2016 and beyond, as follows:

- organic growth by obtaining authorisations and building new facilities, particularly in Germany, Switzerland, Austria and Eastern Europe, while focusing on areas with high levels of disposable income;

- bolt-on acquisitions in the Group's existing European countries, where the private sector remains highly fragmented, if not underdeveloped;
- efforts to bolster its real-estate portfolio, retaining new buildings in the best locations and acquiring, on the best possible terms, buildings that already house ORPEA operations.

Quality at the heart of ORPEA's strategy and development in all countries

Since ORPEA was created 27 years ago, it has always put quality at the heart of its development, both in France and internationally. The Group is committed to quality in all of its operations, across its Quality, Medical, Catering, Works, Safety and Training departments. It currently has almost 100 people in various countries working to achieve constant improvements in the quality of its care and residential services.

In 2015, ORPEA enhanced its training efforts with a number of innovative programmes.

- In France, it worked with universities to develop diplomas in geriatric rehabilitation and management.
- In Germany, it launched an ambitious training programme for its managers covering care, residential services and administration.
- In Austria, more than 190 nurses were trained as part of the "pain-free retirement home" project, in partnership with the Paracelsus private medical university.

These efforts resulted in ORPEA receiving a number of awards in 2015.

- In Germany, for the fourth consecutive year, Silver Care was ranked number one for quality among nursing home groups with more than 30 facilities, on the basis of scores awarded by the independent government organisation MDK.
- In Austria, SeneCura started the new certification process (NQZ) adopted by the federal ministry of labour, social affairs and consumer protection.

This overall focus on quality is well received by residents. The annual satisfaction survey, covering 33,000 residents and families in six countries (France, Belgium, Spain, Italy, Switzerland and Germany), showed an overall satisfaction rate of 92% and a recommendation rate of 93.3%.

Dr. Jean-Claude Marian, Chairman of ORPEA, concluded: *"In three years, ORPEA has undergone a major transformation, growing our network by almost 65% to 71,000 beds in 9 countries.*

We have been able to anticipate and adapt to this change of scale by investing in a new administrative head office, improving the performance of our information systems and, more specifically, strengthening our international teams, which now feature 30 highly experienced managers, specifically in charge of rolling out and supervising our operations outside France.

Our success in the last few years and the pursuit of our pro-active profitable growth policy also stem from the unique features of our business model, which also represent the foundations of our future development:

- *a focus on the highest standards of care and residential services;*
- *modern facilities in locations with high levels of disposable income;*
- *a policy of owning 40-50% of the properties in which we operate;*
- *loyal, stable management teams that drive employee commitment to our strategy;*
- *a consistent development policy combining organic growth with strictly selected bolt-on acquisitions."*

Next press release: Q1 2016 revenues 4 May 2016 before the market opens

About ORPEA (www.orpea-corp.com)

Founded in 1989, and listed on Euronext Paris since April 2002, ORPEA is a European leader in integrated Long-Term Care and Post-Acute Care. The Group has a unique network of 715 healthcare facilities, with 70,972 beds (9,041 of them under refurbishment or construction), including:

- 32,688 beds in France at (2,993 beds under refurbishment or construction) at 352 facilities;
- 38,284 beds in the rest of Europe (Germany, Austria, Belgium, Spain, Italy, Czech Republic, Poland and Switzerland) at 363 facilities (6,048 beds under refurbishment or construction).

Listed in Euronext Paris Compartment A, a Euronext Group market
Member of the **SBF 120, STOXX Europe 600, MSCI Small Cap Europe** and **CAC Mid 60** indices -
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