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STRONG GROWTH OF HALF-YEAR 2017 RESULTS

- **REVENUE UP +10.5% TO €1,525.7M**
- **EBITDA UP +17.4% TO €258.8M**
- **REAL ESTATE PORTFOLIO UP €545M TO €4.6 BILLION**

2017 GUIDANCE REITERATED

- **REVENUE TARGET OF OVER €3,125M (+10%)**
- **IMPROVEMENT IN PROFITABILITY**

Puteaux, 26 September 2017 (6:45pm)

The ORPEA group, one of the main world leader in long-term care (nursing homes, post-acute and rehabilitation hospitals, psychiatric hospitals, and homecare services), today announces its consolidated results (subject to a limited review) for the first half of 2017 (six months to 30 June), as approved by the Board of Directors on 26 September 2017.

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

"Our half-year 2017 results are a testament to our healthy momentum and our ability to deliver brisk profitable growth alongside rapid international expansion and organisational improvements in new territories.
The quality of our performance is founded on the careful operational management of facilities and their location as well as on our real estate strategy of owning a large proportion of all properties.

In the first six months, we have delivered:

- *revenue growth of 10.5%, of which 75% outside France*
- *a 100bp improvement in the EBITDA margin to 17.0% despite the cost of acquisitions and of expansion into new high-potential territories*
- *a €545m increase in the value of our real estate portfolio to over €4.6 billion, representing an ownership rate of 43%*

This financial performance was achieved in line with our Group-wide commitment to Quality of care and service.
For the full year 2017, we are confidently reiterating our revenue objective of over €3,125m (growth over 10%), combined with margin improvement."

(€ m) (IFRS)	**H1 2017**	**H1 2016**	***Chg.***
Revenue	**1,525.7**	1,380.5	***+10.5%***
EBITDAR (Recurring EBITDA before rents)	**406.6**	368.5	***+10.3%***
EBITDA	**258.8**	220.5	***+17.4%***
Recurring operating profit	**188.1**	163.6	***+15.0%***
Net financial income/(expense)[1]	**-66.7**	-53.5	***+24.8%***
Profit before tax[1]	**135.1**	114.6	***+17.9%***
Net profit excl. mark-to-market of ORNANE derivative[1]	**96.1**	75.5	***+27.1%***

[1] Excluding the non-cash impact of €142.7m arising from the mark-to-market of the derivative included in the ORNANE bonds and the early redemption of the ORNANE bonds. This expense will be offset in full in H2 2017 by an increase in equity of around €385m, the exact amount of which will be determined when the conversion of the ORNANE bonds goes ahead in October 2017.

Comprehensive Quality programme rolled out Group-wide, forming the bedrock of ORPEA's strategy

As part of its international expansion, ORPEA introduces its Quality-oriented culture and expertise to all its new territories. Its Quality programme has been a defining feature of ORPEA ever since its creation and remains absolutely crucial at each and every facility. ORPEA adopts a comprehensive Quality approach covering every aspect of care – healthcare, services, food, accommodation, events, reception, dialogue, etc. Within this approach, every possible means (procedures, training, audits, IT, etc.) is used to continuously and permanently improve the Quality.

ORPEA's international expansion has enriched this Quality programme, giving rise to new techniques and procedures and new training courses that were not previously available in other countries. For example, an award-winning pain management training programme developed in Austria will now be rolled out in specific other countries.

Every year, ORPEA conducts a satisfaction survey of residents and families in 8 countries. In 2016, it again achieved a satisfaction rate of over 90%. The Group's objective is always to satisfy its residents, patients and families by constantly improving the standard of its Quality with the day-to-day commitment of its 50,000 employees.

Further profitable growth

ORPEA's **first-half 2017 revenue** grew by 10.5% to €1,525.7m. It was underpinned by a strong organic growth of +5.5% and by recent acquisitions, including Spitex in Switzerland and Sanyres in Spain. International markets provided the main growth impetus, with their revenue growing +19%.

EBITDAR (recurring EBITDA before rent) rose +10.3% to €406.6m, accounting for 26.6% of revenue, almost stable compared with H1 2016.

Thanks to the strategy of increasing the real estate ownership rate, rental expenses were stable at €147.7m, compared to €148.0m in the first half of 2016. The 0.4% increase in rents at comparable structure and the additional rents linked to new openings and acquisitions were more than offset by savings on properties acquisitions.

EBITDA increased by +17.4% to €258.8m and accounted for 17.0% of revenue, a 100 basis point improvement on the first-half 2017 level.

After €70.8m in depreciation, amortisation and charges to provisions (+24.2% owing to the increase in the real estate portfolio), recurring operating profit came to €188.1m (+15.0%).
Non-recurring items totalled €13.8m, compared to €4.6m in H1 2016. Operating profit came to €201.9m, compared to €168.2m in H1 2016.

Excluding the impact of the ORNANE bonds:

- interest expense increased by +24.8% to €66.7m despite the numerous real estate acquisitions made over the past 12 months
- income tax expense rose by +1.5% to €41.0m.
- attributable net profit in the first half 2017 grew by +27.1% to €96.1m.

Continued increase in the real estate portfolio to over €4.6 billion[2]

During the first half, ORPEA continued to pursue its strategy of reinforcing its real estate portfolio, especially in Austria, Italy and the Czech Republic. The property ownership rate now stands at 43% vs. 39% at 31 December 2016.

At 30 June 2017, ORPEA's portfolio was worth a total of €4,620m[2], representing a developed area of 1,755,000 sqm and an increase of close to €1 billion over 12 months. This strategic, resilient and high-quality asset base is increasingly diversified across the Group's entire geographical footprint.

[2] Excluding €40m in real estate assets held for sale

Flexible financial structure

ORPEA's net debt was of €4,351m[3] at 30 June 2017. After the early redemption of the ORNANE bonds in shares, net debt would stand at €4,142m[3]. Real estate debt now accounts for 85% of the total.
ORPEA's debt ratios at 30 June 2017 reflect its financial flexibility:

- financial leverage restated for real estate assets = 2.3x, unchanged after redemption of the ORNANE bonds (authorised level of 5.5x)
- adjusted gearing = 1.8x and 1.5x after redemption of the ORNANE bonds (authorised level of 2.0x).

The debt is fully hedged against the risk of an increase in interest rates over the next 7 years. ORPEA's average borrowing cost continued to fall, sinking to 3.1% in the first half of 2017. Irrespective of the direction of interest rates, borrowing costs will fall to 2.9% by 2024.

After 30 June 2017, ORPEA further strengthened its financial flexibility with the early redemption of the ORNANE bonds and various private bond and Schuldschein issues that raised a total of €374m, extending the maturity of its debt and lowering its cost.

Strategy and outlook

The Group has now unique assets to pursue its international expansion and profitable growth:

- the ramp-up in the performance of its longstanding territories, now delivering brisk profitability
- its highly effective organisation, with local expert management teams, an international management structure that has been strengthened significantly in recent years and high-performance IT systems
- new opportunities for value-creating development projects in countries and regions with relatively undeveloped capacity, such as Brazil, Eastern Europe and China
- a pipeline of over 12,000 beds under construction or in redevelopment (including 3,000 beds in Brazil and Portugal[4])

With these strengths, ORPEA continues to pursue its strategy of creating value by:

- building new facilities in prime locations
- making selective acquisitions
- continuing to add to its real estate portfolio, by retaining ownership of properties in prime locations to underpin its long-term profitability

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

"Over the past five years, we have grown rapidly, and this international expansion has taken us from being a French group with a footprint in four countries (75% of beds in France) to an international group across 12 countries, with 60% of our beds outside France. Thanks to our expertise, we have maintained a strong level of profitability throughout this period of expansion.

With 82,838 beds in 12 countries (over 12,000 beds under construction and being restructured) and an effective organisation structure, we will continue our expansion over the next few months by creating new facilities and making selective acquisitions, while screening potential locations just as rigorously. New territories such as Brazil and Eastern Europe offer attractive growth opportunities for us."

[3] Excluding €90m in liabilities associated with assets held for sale
[4] Joint-venture owned at 49% by ORPEA

Next press release: Q3 2017 revenue
7 November 2017 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 798 facilities, with 82,838 beds (12,371 of them under construction or redevelopment), including:

- 33,122 beds in France (2,409 beds under construction or redevelopment) at 357 facilities
- 49,716 beds outside France (Austria, Belgium, Brazil, China, Czech Republic, Germany, Italy, Poland, Portugal, Spain and Switzerland) at 441 facilities (9,962 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)

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Consolidated income statement (subject to a limited review)

(€m)	First-half 2017	First-half 2016
Revenue	**1,525.7**	**1,380.5**
Purchases used and other external expenses	-414.1	-401.7
Staff costs	-804.3	-710.9
Taxes other than on income	-57.7	-56.8
Depreciation, amortisation and charges to provisions	-70.8	-57.0
Other recurring operating income and expense	9.2	9.6
Recurring operating profit	**188.1**	**163.6**
Other non-recurring operating income and expense	13.7	4.5
Operating profit	**201.8**	**168.1**
Net interest expense[1]	-66.7	-53.5
Profit before tax[1]	**135.1**	**114.6**
Income tax expense[1]	-41.0	-40.4
Share in profit/(loss) of associates and joint ventures	2.1	1.3
Impact of early redemption of ORNANE bond	-142.7	0.0
Attributable net profit after mark-to-market of ORNANE derivative	-41.8	75.5
Attributable net profit excluding mark-to-market of ORNANE derivative[1]	**96.1**	**75.5**

Consolidated statement of financial position (subject to a limited review)

(€m)	30 June 2017	31 December 2016
Non-current assets	**7,795**	**7,081**
Goodwill	1,001	982
Intangible assets	2,018	1,889
Property, plant and equipment and properties under development	4,620	4,075
Other non-current assets	156	135
Current assets	**1,247**	**1,104**
Cash and short-term investments	*554*	*540*
Assets held for sale	**90**	**140**
Total assets	**9,133**	**8,326**
Equity attributable to ORPEA's shareholders and deferred taxes available indefinitely	**2,481**	**2,519**
Equity attributable to ORPEA's shareholders	2,025	2,076
Deferred taxes available indefinitely on operating intangible assets	456	443
Non-controlling interest	**0**	**0**
Non-current liabilities	**4,851**	**4,425**
Other deferred tax liabilities	415	342
Provisions for liabilities and charges	217	207
Non-current financial liabilities	4,028	3,801
Change in the fair value of the conversion right embedded in the ORNANE bonds	191	75
Current liabilities	**1,711**	**1,242**
o/w current financial liabilities (bridge loans and real estate porting)	*877*	*419*
Liabilities associated with assets held for sale	**90**	**140**
Total equity and liabilities	**9,133**	**8,326**

Cash flows (subject to a limited review)

(€m)	H1 2017	H1 2016
Net cash generated/(used) by operating activities	**167**	**140**
Investments in construction projects	-155	-107
Acquisitions of real estate	-483	-160
Disposals of real estate	16	54
Net investments in operating assets	-98	-55
Net cash generated/(used) by investing activities	**-694**	**-268**
Net cash generated/(used) by financing activities	**568**	**68**
Change in cash over the period	15	-60
Cash at end of period	**554**	**658**

[1]Excluding the non-cash impact of €142.7m arising from the mark-to-market of the derivative included in the ORNANE bonds and the early redemption of the ORNANE bonds. This expense will be offset in full in H2 2017 by an increase in equity of around €385m, the exact amount of which will be determined when the conversion of the ORNANE bonds goes ahead in October 2017.