H1 2014: STRONG DEVELOPMENT, SOLID AND PROFITABLE GROWTH

- **REVENUE: UP 13.8% TO €891 MILLION**
- **EBITDAR MARGIN: UP 50 BASIS POINTS TO 27.4%**
- **PRE-TAX PROFIT [1]: UP 19% TO €103.5 MILLION**
- **NET PROFIT[1] : UP 13% TO €64.5 MILLION**
- **RECRUITMENT OF 1,831 FULL-TIME STAFF IN FRANCE**

OUTLOOK

2014 REVENUE GROWTH TARGET CONFIRMED: UP 20% TO €1,930 MILLION

SWITZERLAND AND GERMANY: ONGOING ACTIVE DEVELOPMENT

SPANISH NETWORK INCREASED BY 810 BEDS

Puteaux, 17 September 2014

The ORPEA group, a leading European player in Long-Term Care (nursing homes), Post-Acute Care and Psychiatric Care, has today announced its consolidated results[2] for the six months ended 30 June 2014.

€ m (IFRS)	**H1 2014**	**H1 2013**	**▲%**
Revenue	**890.7**	782.5	*+13.8%*
EBITDAR (EBITDA before rent)	**243.8**	210.7	*+15.7%*
EBITDA	**163.9**	145.2	*+12.8%*
Recurring operating profit	**124.7**	111.1	*+12.2%*
Operating profit	**151.4**	130.5	*+16.0%*
Pre-tax profit[1]	**103.5**	86.8	*+19.2%*
Attributable net profit[1]	**64.5**	57.1	*+13.0%*

Attributable net profit in the first half of 2014, after taking into account the change in the fair value of share allotment entitlements embedded in ORNANE bonds issued in July 2013, was €50.1 million.

[1] Excluding change in the fair value of share allotment entitlements embedded in ORNANE bonds.
[2] A limited review of the figures is underway.

Commenting on these figures, Yves Le Masne, ORPEA's Chief Executive Officer, said: *"The first half of 2014 was another crucial stage in the Group's growth plan, with some transformative international acquisitions and further solid earnings growth:*

- *robust revenue growth (+13.8%);*
- *the opening of more than 1,300 beds, including 46% outside France;*
- *two strategic acquisitions in Switzerland and Germany (effective 1 July), increasing the network by 20% (8,256 beds);*
- *a further increase in operating margin, with EBITDAR margin up 50 basis points and pre-tax profit up 19%;*
- *ongoing optimisation of the financial strcuture, with the cost of debt falling to 4.10%.*

Based on this performance, we are confidently confirming our targets for full-year 2014. We expect revenue to grow by 20% to €1,930 million, along with solid margins and further selective developments, particularly outside France."

Solid earnings growth

Revenue in the first half of 2014 rose 13.8% to €890.7 million, driven by ongoing firm organic growth[3] (6.3%) and by the impact of recent acquisitions, particularly Senevita in Switzerland, which was consolidated in the second quarter.

EBITDAR (EBITDA before rent) rose 15.7% to €243.8 million, equal to 27.4% of revenue, up 50 basis points relative to the first half of 2013.
Over the last five years, EBITDAR margin – the main indicator of the Group's operational profitability – has risen steadily by 380 basis points in total, due to the increasing maturity of the network and strict management of support functions.

Rent expenses rose 22.1% to €79.9 million, due to real-estate disposals totalling €530 million in the last two years along with the consolidation of Senevita, which does not own any real estate. At constant scope, growth in rent remained well under control at 1.5%, since most leases involve fixed or capped indexation.

EBITDA grew 12.8% to €163.9 million.

Recurring operating profit equalled 14.0% of revenue, in line with the full-year 2013 figure of 14.1%.

Operating profit (EBIT) was €151.4 million, up 16.0%. This includes non-recurring net profit of €26.7 million versus €19.4 million in the first half of 2013, due in particular to real-estate disposals.

The **net cost of debt**[4] was €47.9 million, representing a limited year-on-year increase of 9.6%. As expected, the decline in the cost of debt was due to the lower average rate of hedges and the arrangement of new financing at very attractive rates.
Pre-tax profit[4] rose 19.2% to €103.5 million, showing the Group's success in enhancing its operational and financial performance.

[3] The Group's organic revenue growth reflects: 1. the year-on-year change in revenue at existing facilities, resulting from changes in their occupancy rates and per diem rates, 2. the year-on-year change in revenue at refurbished facilities or facilities where capacity has been increased in year N or N-1, and 3. revenue generated in year N by facilities set up in N or N-1. The year-on-year improvement in revenue at recently acquired facilities is included in organic growth.
[4] Excluding the change in the fair value of share allotment entitlements embedded in ORNANE bonds issued in July 2013.

After tax expense of €39.6 million (+29.1%), **attributable net profit**[4] was €64.5 million in the first half of 2014, up 13.0%.

Real-estate portfolio worth €2.6 billion

In line with its real-estate strategy of combining rented and wholly-owned assets, ORPEA completed €76 million of disposals in the first half of 2014, versus €65 million in the first half of 2013. The Group is still obtaining attractive rents and indexation terms, and expects disposals to total around €200 million in full-year 2014.

At 30 June 2014, ORPEA owned or jointly owned 265 buildings, representing a developed area of 880,000 sqm (on over one million sqm of land), with a total value of €2,589 million[5].

Increased financial flexibility

Net debt ended the period at €1,974 million[6], versus €1,742 million at 31 December 2013. The increase resulted from rapid development including the acquisition of Senevita in Switzerland. ORPEA's strict financial discipline, aimed at growing EBITDA more quickly than debt, has had an increasing impact in the last few years. Between H1-11 and H1-14, EBITDA rose 56% while net debt increased only 14.5%.

Most of ORPEA's debt (86%) is still property-related.

Debt ratios were stable overall and well below maximum levels. At 30 June 2014, they were as follows:

- financial leverage restated for real-estate assets = 1.5x versus 1.4x at end-2013 (authorised level of 5.5x);
- adjusted gearing = 1.2x versus 1.1x at end-2013 (authorised level of 2.0x).

The cost of debt fell further to 4.10% in H1-14, and will continue falling mechanically to 3.60% in 2017.

In July 2014, ORPEA made further progress with its strategy of optimising and diversifying its debt position through two transactions:

- a €52 million private placement of 7-year bonds,
- a €203 million Schuldschein transaction involving various tranches (5, 6, 7 and 10 year) at fixed and floating rates, on particularly attractive terms. The latter transaction was highly successful, and is France's largest Schuldschein issue of 2014. This shows the level of investor confidence in ORPEA's financial position and outlook.

Major development in new high-potential countries

In accordance with its strategy, ORPEA has been very busy on the development front since the start of the year.

- It has carried out two strategic acquisitions in Switzerland and Germany totalling 8,256 beds across 82 facilities, which will generate around €330 million of additional full-year revenue at maturity. These transactions also give the Group effective, high-quality platforms from which to build its positions in Switzerland and Germany.
- It has made progress towards opening its first facility in China: a high-end, 240-bed facility in the city of Nanjing, to care for dependent older adults. The fitting and decoration works of the building have started with a view to opening in the second quarter of 2015.

---

[4]Excluding the change in the fair value of share allotment entitlements embedded in ORNANE bonds issued in July 2013.
[5] Excluding the €220 million impact of assets currently being divested
[6] Excluding €220 million in debt associated with assets held for sale.

At the same time, the Group is building its teams and establishing quality, recruitment, training and marketing processes.

Increased presence in established markets

As part of its selective development efforts, ORPEA has acquired four facilities (including both authorisations and real estate) in Spain in early July 2014, containing 660 beds and 100 day-care places. It has also been appointed as the manager of the 150-bed Santo Domingo residence. These facilities are very attractive: they are located in and around Madrid, have been recently built and contain a high proportion of individual rooms.
This expansion in Spain shows ORPEA's ability to seize opportunities on attractive terms that will enable it to create substantial value for the Group by using its skills and expertise in providing high-quality care for dependent people.
After the transaction, ORPEA's Spanish network consists of 3,468 beds and day-care places across 22 facilities.
In its other established markets, ORPEA is continuing its value-enhancing development strategy, by obtaining authorisations to set up, extend and combine facilities and carrying out selective acquisitions.

ORPEA: a dynamic company that supports economic activity and jobs in its regions

In the first half of 2014, the Group recruited 1,831 full-time staff in France, including 650 into newly created jobs. These jobs are permanent positions in the French regions, with roles including care, residential services, catering and event organisation.

At the same time, ORPEA is a very active player in the French construction sector, investing several hundred million euros in maintaining and refurbishing its existing facilities and building new ones.

It is also maintaining its social role within its regions, aiming to give the benefit of its experience to as many people as possible and to help local charities. For example, on World Alzheimer's Day (21 September 2014), almost 200 ORPEA facilities will open their doors to share the expertise of its staff and inform the public about its approach to caring for patients with neurodegenerative diseases using non-medical therapies.

Strategy and outlook

Dr. Jean-Claude Marian, Chairman of ORPEA, concluded: *"Since the start of the year, ORPEA has successfully combined its ongoing development strategy in established markets with its international ambitions by taking positions in two countries (Switzerland and Germany) through strategic acquisitions that open up promising new growth avenues.*

With its 25 years of experience in caring for dependent people, and with its strong growth platforms in six European countries and China, ORPEA has the means to seize opportunities that come its way and therefore to continue implementing its ambitious value-creation strategy.

The Group has some major advantages as it seeks to realise this strategy of profitable growth over the short, medium and long terms:

- *a responsive organisation that has the structure to maintain and manage international expansion, based on the commitment of its loyal, experienced staff;*
- *a unique pipeline of organic growth, consisting of approximately 8,000 beds in facilities currently being built or refurbished;*
- *financial flexibility, as shown by the success of its various financing transactions since the start of the year;*
- *a stable base of shareholders that take a long-term view;*
- *and the ability to identify, integrate and grow acquisitions in each country."*

Next press release: Q3 2014 revenue
5 November 2014 before the market opens

About ORPEA (www.orpea-corp.com)
Listed on Euronext Paris since April 2002 and a member of the Stoxx 600 index, ORPEA is a European leader in integrated Long-Term Care and Post-Acute Care. The Group has a unique network of 524 healthcare facilities, with 52,078 beds (45,785 of them operational), including:

- 31,871 beds in France (3,979 under refurbishment or construction) across 345 facilities
- 20,207 beds in Europe – in Germany, Spain, Belgium, Italy and Switzerland – (4,650 under refurbishment or construction) across 179 facilities

Listed on **Euronext Paris Compartment A**, a Euronext Group market
Member of the **Stoxx Europe 600, MSCI Small Cap Europe, SBF 120 and CAC Mid 60 indices**
ISIN: FR0000184798 - Reuters: **ORP.PA** - Bloomberg: **ORP FP**

ORP LISTED EURONEXT

Investor relations:

ORPEA
Yves Le Masne
CEO

Steve Grobet
Investor Relations
Tel: +33 (0)1 47 75 74 66
s.grobet@orpea.net

NewCap
Dusan Oresansky / Emmanuel Huynh
Tel: +33 (0)1 44 71 94 94
orpea@newcap.fr

Media relations:

NewCap
Dusan Oresansky / Nicolas Merigeau
Tel: +33 (0)1 44 71 94 94
orpea@newcap.fr