la vie continue avec nous

H1 2019: ANOTHER SEMESTER OF STRONG RESULTS GROWTH

- **REVENUE: +9.6% (€1,841M)**
- **EBITDA MARGIN: 17.3% (+10 BPS)**
- **CONSOLIDATED NET PROFIT: +11.6% (€120M)**
- **REAL-ESTATE PORTFOLIO: +11.5% (€6BN)**

ACQUISITION OF SINOUÉ, THE PREMIUM PSYCHIATRIC FACILITIES GROUP

2019 TARGETS REITERATED: REVENUE OVER €3,700M AND STRONG PROFITABILITY

The H1 2019 results are presented in accordance with pre-IFRS 16 accounting standards for comparison purposes. The impact of IFRS 16 is presented in this press release Appendix.

Puteaux, 24 September 2019 (6:00 pm CEST)

The ORPEA Group, world leader in long-term care (nursing homes, post-acute and rehabilitation hospitals, psychiatric hospitals, and home care services), today announced its consolidated results (limited review in progress) for the first half of 2019 (six months to 30 June), as approved by the Board of Directors on 24 September 2019, as well as the acquisition of the Sinoué group, a key player in premium psychiatric care.

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

"Thanks to our high-quality care, the engagement of our teams and our new organisation, ORPEA has once again achieved a half year of strong growth with a solid increase in net profitability.
Over three years, thanks to our record increase of more than 25,000 additional beds and our presence in 7 new countries, ORPEA has posted strong, profitable growth: revenue has increased by 33%, net profit is up 59% and our real-estate portfolio has grown by 62% and now stands at €6bn.

This profitable growth momentum will continue for the next few years, a part of it has already been secured by our growth pipeline of 17,000 beds under construction and by selective acquisitions.
ORPEA has also stepped up the "premiumisation" of its offering and its network by acquiring Sinoué group. Their facilities benefit from an international reputation thanks to their strategic locations and proven, cutting-edge expertise in psychiatric care.

ORPEA is confident that it is on track to meet its revenue goal of over €3,700m for 2019 (a +8.2% increase compared with 2018) and deliver strong profitability.

Over the long term, the Group has all the tools needed to step up its growth and strengthen its position as a world leader in long-term care across three continents by providing an innovative offering that meets the highest quality standards."

Innovation at the service of Corporate Social Responsibility (CSR)

ORPEA believes that innovation is a driving force behind its approach to corporate social responsibility. The group has a driven innovation unit working in three main areas of need: resident/patient safety and well-being, employee working conditions, and artificial intelligence. The unit has already examined 90 innovative projects in 2019, two thirds of which are being tested on the ground.

In this prospect, the acquisition of a 28% stake in the start-up Exelus has contributed to the development of ORPEA's CSR initiatives. Nomadeec, the unique and innovative telemedicine platform of Exelus, has streamlined patients' care pathway. This solution draws on the exchange of information between all stakeholders, including 25% of paramedics in France. It will be rolled out at all ORPEA's facilities in France by 2022 and will help the company meet the major challenges facing the healthcare sector by:

- boosting paramedical teams' expertise through specific additional and complementary training;
- limiting resident and patient hospitalisations and travel by providing bedside solutions;
- encouraging innovation by funding a start-up;
- responding to public health issues by reducing overcrowding in A&Es and limiting public spending.

ORPEA believes that sharing experiences and expertise is a strategic necessity for successful growth and to ensure uniform quality across its entire network. With this in mind, ORPEA has launched a unique and innovative digital platform for managers in France. Called MY MENTOR, it is a major tool for developing best practices and facilitating the integration of new managers.

H1 2019 results showing strong growth

In €m (IFRS)	**H1 2019**	H1 2018	*Change*
Revenue	**1,840.6**	1,679.0	*+9.6%*
EBITDAR (EBITDA before rental expenses)	**479.7**	440.2	*+9.0%*
EBITDA	**317.6**	289.6	*+9.7%*
Recurring operating profit	**218.8**	201.9	*+8.4%*
Net interest expense	**-73.7**	-65.2	*+13.1%*
Profit before tax	**160.1**	152.8	*+4.8%*
Net profit attributable to ORPEA's shareholders	**120.1**	107.6	*+11.6%*

Revenue for the first half of 2019 was up 9.6% at €1,840.6m, driven by strong organic growth of 4.7% and good international acquisition momentum, in particular in Netherlands with Dagelijks Leven (consolidated on 1 July 2018), September and Allerzorg in Netherlands and Axion in Germany consolidated as of the first half of 2019.

EBITDAR (EBITDA before rental expenses) rose 9.0% to €479.7m, representing a margin of 26.1%. Excluding the Allerzorg acquisition, the margin was up 10 basis points at 26.3%, despite the continued solid pace of new openings and strong structuring. With its 600 nurses, home care specialist Allerzorg is an excellent example of the investment required to pave the way for the future growth of ORPEA in Netherlands.

Rental costs were up just 7.6%, at €162.1m, thanks to the Group's strategy to increase its real-estate ownership. The Group's real-estate ownership rate currently stands at 48%. **EBITDA** therefore rose 9.7% to €317.6m, representing a margin of 17.3% of revenue and an improvement of 10 bps. Due to historic seasonal effects (three fewer days in H1 and the impact of IFRIC 21), the margin for the first half of the year is always markedly lower than that of the second half.

Recurring operating profit stood at €218.8m (+8.4%) after depreciation, amortisation and charges to provisions of €98.8m (+12.6%) reflecting the growth of the real-estate portfolio.

Net non-recurring items were €15.0m, compared with €16.1m in the first half of 2018.

Net interest expense reached €73.7m (+13.1%) due to sustained investment.

After accounting for an income tax expense of €44.1m, **net profit attributable to ORPEA's shareholders** rose 11.6% to €120.1m. This increase outpaced the growth in revenue, demonstrating the dynamic of the ORPEA business model.

Continued growth in ORPEA's real-estate portfolio to €6bn[1]

During the first half of the year, ORPEA continued its strategy of holding real-estate assets in the best locations, especially in Zurich, Warsaw and Montevideo (Uruguay). ORPEA now owns 48% of its buildings compared with 47% at the end of 2018, close to its 50% target.

At 30 June 2019, the real-estate portfolio was valued at €5,961m[1] and had a total surface area of 2,100,000 sqm. The Group's real-estate assets have increased by 12% over one year. With a capitalisation rate of 5.8%, the valuation remains cautious compared with recent market transactions on the same type of assets at 4.5%.

Strengthening the financial structure

Net debt stood at €5,372[2] at 30 June 2019, compared with €5,022m at 31 December 2018, a modest increase considering the level of investment in real-estate, in operations and the acquisition of minority stakes (BSL in Brazil, Senior Suites in Chile).
Real-estate accounts for 85% of debt. Debt ratios are close to those recorded at 31 December 2018 and remain well below their ceilings, with financial leverage restated for real estate assets at 2.4 (5.5 authorised) and a restated gearing of 1.6 (2.0 authorised).

ORPEA continued to optimise its debt, extending its maturity to 6.3 years at 30 June 2019 and reducing its cost of debt to 2.8% for the first half of 2019 compared with 3% during the first half of 2018. The issue in May 2019 of an 8-year €500m OCEANE bond at a highly attractive rate of 0.375% improved the Group's financial flexibility.
Net debt is still fully hedged against the risk of an increase in interest rates.

ORPEA therefore has an extremely sound, diversified, and attractively priced financial structure that provides substantial capacity for future growth.

With the acquisition of Sinoué, ORPEA has stepped up its premium psychiatric care offering

Founded in 1998 by a team of psychiatrists and led by its Chairman, Dr Philippe Cléry-Melin, the Sinoué group has become a key player in mental health in France in just 20 years. The group boasts cutting-edge expertise in psychosocial care and rehabilitation, coupled with an excellent standard of accommodation services. It successfully manages a wide range of innovative mental health, treating all types of psychiatric disorders such as depression, addiction, bipolar disorder and sleeping disorders.

The Sinoué group operates 7 psychiatric facilities (592 beds), all either newly constructed or recently renovated, and which enjoy a first-class reputation, in particular:

- a hospital in Meudon one of the best-known Parisian facilities of its kind, founded 150 years ago;
- a new 140-bed hospital in Grenoble;
- the prestigious hospital located in Garches, west of Paris;
- the Nightingale hospital in London, a private psychiatric facility located in the Marylebone district in the heart of London.

This transaction, which began 8 years ago with the acquisition of a 40% stake, later increased to 45%, perfectly highlights ORPEA's long-term development strategy.
ORPEA has thus acquired the remaining stake in the Sinoué group[3], which generated revenue of €65m in 2018.

[1]Excluding the €190 million in real-estate assets held for sale.
[2]Excluding €250 million of debt associated with assets held for sale.
[3]Transaction subject to authorisation by the French Competition Authority.

The forging and implementation of synergies will be facilitated by several years of collaboration between both groups and by its Chairman's involvement in overseeing this transitional period.

The acquisition of the Sinoué group is fully in line with ORPEA's strategy of strengthening its premium positioning. The Group intends to respond in this way to the ever-growing challenges in terms of psychiatric care, both in France and abroad, and to focus on providing a high-quality offering in strategic locations.

Strategy and outlook: world leader in long-term care

The Group has powerful resources to accelerate the globalisation of its development focused on value creation as well as social and environmental responsibility:

- a new cluster-based organisation providing growth potential in 35 countries on 3 continents;
- an international and highly experienced development, engineering and construction team;
- a comprehensive offering in the majority of its countries, across the entire patient care pathway: home care, assisted living facilities, medicalised nursing homes, post-acute and rehabilitation hospitals and psychiatric facilities;
- 30 years of know-how and expertise in top-quality care and services.

ORPEA already has a solid growth pipeline of more than 17,000 beds under construction and is continuing to strengthen it with several new projects in the world's largest cities. In addition to this organic growth, ORPEA is continuing to apply its targeted acquisition strategy to several carefully selected opportunities. In this regard, the Sinoué acquisition is perfectly aligned with this strategy, accelerating the ORPEA network's move upmarket.

For 2019, the Group has confirmed its goal of generating revenue greater than €3,700m (+8.2% compared with 2018), strong profitability and a plan to sell €250m in real-estate.

Next press release: Q3 2019 revenue
5 November 2019 after market close

About ORPEA (www.orpea-corp.com)

Founded in 1989, ORPEA is one of the major world leaders in long-term care, with a network of 951 facilities comprising 96,677 beds (17,388 of which are under construction) across 16 countries, which are divided into five clusters:

- France-Benelux: 484 facilities / 42,625 beds (of which 4,514 are under construction)
- Central Europe: 238 facilities / 25,419 beds (of which 4,389 are under construction)
- Eastern Europe: 125 facilities / 12,917 beds (of which 2,817 are under construction)
- Iberian Peninsula / Latin America: 103 facilities / 15,576 beds (of which 5,668 are under construction)
- Rest of the world: 1 facility / 140 beds

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.

Investor Relations
ORPEA
Steve Grobet
Investor Relations Director
s.grobet@orpea.net

Hélène de Watteville
Investor Relations Officer
h.dewatteville@orpea.net

Investor Relations
NewCap
Dusan Oresansky
Tel.: +33 (0)1 44 71 94 94
orpea@newcap.eu

Media Relations
Image 7
Laurence Heilbronn
Tel.: +33 (0)1 53 70 74 64
lheilbronn@image7.fr

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)
Capitalisation rate	The real-estate capitalisation rate or the rate of return is the ratio between the rental amount and the building's value

ORPEA GROUPE la vie continue avec nous

Consolidated income statement (Audit in progress)

In millions of euros	H1 2019 Incl. IFRS 16	IFRS 16 adjustment	H1 2019 excl. IFRS 16	H1 2018 excl. IFRS 16
Revenue	**1,841**	**0**	**1,841**	**1,679**
Purchases used and other external expenses	-338	-147	-485	-447
Staff costs	-987	0	-987	-887
Taxes other than on income	-62	0	-62	-65
Depreciation, amortisation and charges to provisions	-220	+122	-99	-88
Other recurring operating income and expenses	10	0	10	9
Recurring operating profit	**244**	**-25**	**219**	**202**
Other non-recurring operating income and expenses	15	-0.4	15	16
Operating profit	**259**	**-25**	**234**	**218**
Net interest expense	-106	+33	-74	-65
Profit before tax	**153**	**7**	**160**	**153**
Income tax expense	-43	-2	-44	-49
Share in profit/(loss) of associates and joint ventures	4	0	4	4
Net profit attributable to ORPEA's shareholders	115	5	**120**	108

Consolidated balance sheet (Audit in progress)

In millions of euros	30 June 19 Incl. IFRS 16	Adjustment IFRS 16	30 June 2019 excl. IFRS 16	31 Dec. 2018 excl. IFRS 16
Non-current assets	**12,308**	**-2,311**	**9,997**	**9,304**
Goodwill	1,251	0	1,251	1,137
Intangible assets	2,537	0	2,537	2,257
Property, plant and equipment and properties under development	5,961	0	5,961	5,713
Right of use assets	2,274	-2,274	0	0
Other non-current assets	285	-38	247	197
Current assets	**1,908**	**+3**	**1,912**	**1,634**
Cash and short-term investments	*947*	*0*	*947*	*768*
Assets held for sale	**250**	**0**	**250**	**206**
TOTAL ASSETS	**14,467**	**-2,309**	**12,158**	**11,145**
Equity attributable to ORPEA's shareholders and deferred taxes available indefinitely	**3,407**	**+118**	**3,525**	**3,421**
Equity attributable to ORPEA's shareholders	2,954	+118	3,072	2,971
Deferred taxes available indefinitely on operating intangible assets	453	0	453	451
Non-controlling interests	**1**	**0**	**1**	**0**
Non-current liabilities	**8,840**	**-2,202**	**6,638**	**5,783**
Other deferred tax liabilities	589	0	589	480
Provisions for liabilities and charges	234	0	234	199
Non-current liabilities	5,816	0	5,816	5,104
Lease commitments	2,202	-2,202	0	0
Current liabilities	**1,968**	**-224**	**1,744**	**1,734**
o/w current financial liabilities (bridge loans and real-estate porting)	*503*	*0*	*503*	*685*
Liabilities associated with assets held for sale	**250**	**0**	**250**	**206**
TOTAL EQUITY AND LIABILITIES	**14,467**	**-2,309**	**12,158**	**11,145**

Cash flows (Audit in progress)

In millions of euros	H1 2019 Incl. IFRS 16	IFRS 16 adjustment	H1 2019 excl. IFRS 16	H1 2018 excl. IFRS 16
Net cash from operating activities	**244**	**-33**	**211**	**189**
Investments in construction projects	-206	0	-206	-219
Acquisitions of real-estate	-174	0	-174	-175
Disposals of real-estate	0	0	0	19
Net investments in operating assets	-225	0	-225	-119
Net cash generated/(used) by investing activities	**-605**	**0**	**-605**	**-494**
Net cash generated/(used) by financing activities	**540**	**+33**	**573**	**514**
Change in cash over the period	179	0	179	209
Cash at end of period	**947**	**0**	**947**	**768**