Full-year 2017 results

28 March 2018

Introduction

Day centres

Day hospitals and night hospitals

Nursing homes

- Short stays
- Alzheimer's units
- High dependency units

Post-acute, rehabilitation and psychiatric hospitals

- **Specialisations**: musculoskeletal, geriatric, addiction treatment, cardiology, nervous system, respiratory, oncology

Independent living facilities

Homecare and services

Core businesses   Non-core businesses
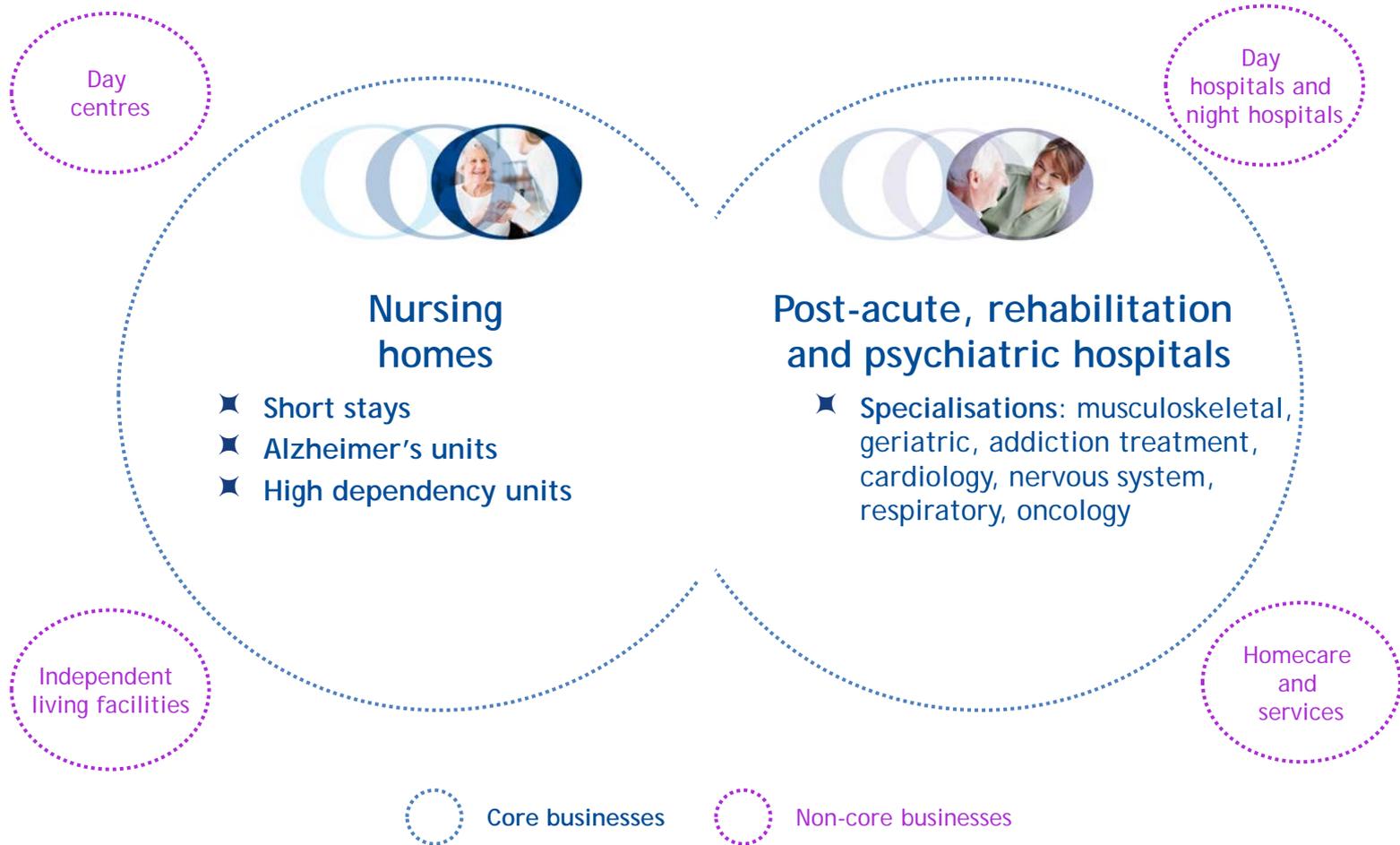
Complementary activities to meet the demand from existing as well as future patients and residents

Results of ORPEA 10-year development strategy: 2007 - 2017

Over 10 years: +65,247 beds

+€2.6bn of revenue

+€450m of EBITDA

Revenue — +476% +19% p.a.

EBITDA* — +461% +19% p.a.

Pre-tax profit on ordinary activities* — +435% +18% p.a.

Number of beds — +305% +15% p.a.

See definitions in the glossary

Audit in progress

FY 2017 Highlights
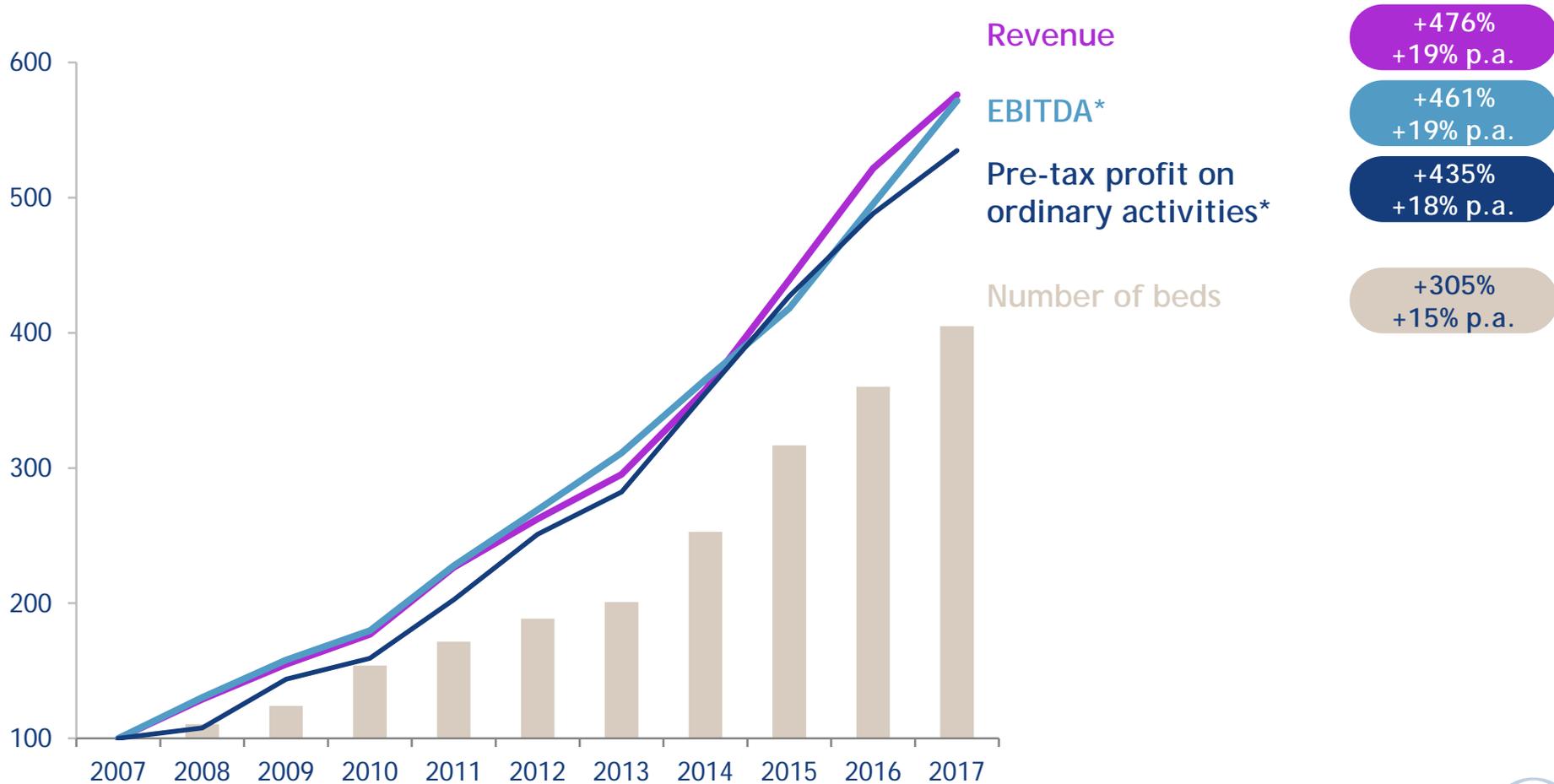
International expansion

- ✖ Network growth of **12%**: **9,556** new beds (**40%** through acquisitions and **60%** through the creation of new facilities)
- ✖ Diversification of the offering: Inoges (outpatient rehabilitation in Germany), psychiatric care in Spain, post-acute care and rehabilitation in Austria
- ✖ Expansion into Brazil and Portugal

Profitable growth

- ✖ 10.5% revenue growth, including half through organic growth
- ✖ 90bps improvement in the EBITDAR margin of existing operations
- ✖ 15% increase in operating cash flow to €398m

Increase in real-estate ownership

- ✖ 20% expansion in the real estate portfolio in 1 year
- ✖ Sharp increase in the real estate ownership rate: up **9 points** in 2 years

Balance sheet optimisation

- ✖ Equity base strengthened through early redemption of the ORNANE in shares
- ✖ Diversification of debt: **€263m** in Euro PP, **€244m** in Schuldschein and a **€400m** public bond placement (February 2018)

A combination of strong growth and sustained profitability with a strengthened balance sheet

Training and innovation

Innovative training to motivate and retain employees

Close to 550,000 hours of training provided in 2017 (up 30% vs. 2016) in Europe

Training provided to help employees build a career	Goals/Achievements
DOMEA INSTITUT DE FORMATION AIDES-SOIGNANTS — ORPEA created its own training facility for auxiliary nurses 13 years ago: DOMEA	Over 400 auxiliary nursing staff awarded a diploma
Creation of a training for Facility Managers to develop a proactive risk management strategy to prevent psychosocial risks and promote quality of life in the workplace	Be able to spot and identify symptoms and optimize action plan
SeneCura NÄHER AM MENSCHEN **senevita** Betreutes Wohnen und Pflege — Creation of the SeneCura Academy in Austria during 2017, providing training recognised by the supervisory authorities for all nursing staff	Opening in 2018 of the Senevita Academy in Switzerland, based on the same model
Diplôme Université Nice Sophia Antipolis — Creation of a Care Facility Management university diploma in partnership with the University of Nice Sophia Antipolis	Introduction of the university diploma in all ORPEA's territories

In psychiatric care: therapy through exposure to virtual reality

CONCEPT

- **IMMERSE** the patient in a virtual environment linked to his/her disorder

GOAL

- **EXPOSE** the patient virtually in an office, rather than in a real-life situation as it was previously done, saving time and increasing efficiency

RELEVANT CONDITIONS

- Phobias, eating disorders, addictions and obsessive-compulsive disorders

Virtual Age, an old-age simulator at home

CONCEPT

- The user is confronted with the difficulties and risks faced on a daily basis by an 87-year old with the associated physical and cognitive limitations

- Implemented by its homecare teams in France (Adhap Services)

GOAL

- Raise awareness about the effects of ageing and loss of independence, help people to make adjustments to their home

VIRTUALAGE
by ADHAP Services

Fall detection assistance

- ✖ **Background:** sector average of 1.7 falls p.a. per nursing home resident, most commonly during transfers

- ✖ **Key challenge:** spot and treat high-risk residents individually

- ✖ **Technology-based tool:** rooms fitted with optical sensors (fall alert visualisation solution). If a fall occurs, the system will immediately alert the nursing staff via the internal wireless phone system

- ✖ **Objectives:** principle of individual risk prevention and respect for people's fundamental rights

Anti-wandering system

- ✖ **Background:** With neurodegenerative conditions increasingly prevalent in nursing homes, residents are prone to conditions of which wandering is a symptom (attempted breakouts, constant walking to and fro, etc.)

- ✖ **Key challenge:** keep residents safe while respecting their freedom to move around

- ✖ **Technology-based tool:** system available to residents (with their consent) with a RFID chip placed under a plaster

- ✖ **Benefit:** easy to fit and remove, audio alert if the person goes beyond the areas in which they are allowed to move freely

Network and development

A sector supported by strong fundamentals worldwide

Exponential growth in the elderly population requiring long-term care

- Surge in the number of over-80s worldwide: **up 230% by 2050** (+290 million)
- WHO forecasts that the number of people suffering from neurodegenerative illnesses will triple by 2050: **from 47.5m to 135m**

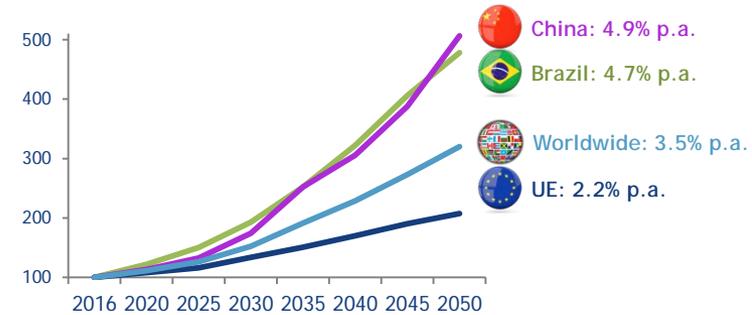## Offer almost non-existent in many countries

- Western Europe: **15 to 20 beds** per 100 over-80s
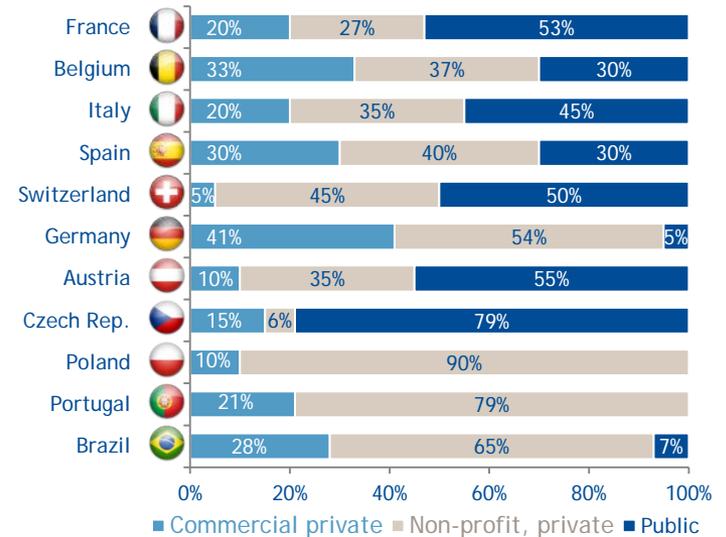- Latin America, Asia and Eastern Europe: capacity of 0 to 5 beds

Very substantial investment needs

- Estimated demand for new beds by 2030 in the countries served by ORPEA (excluding China): **1 million**
- Need to **redevelop** part of existing beds that are no longer suitable
- Public and non-profit players struggling to invest due to budget constraints

Projected growth in the over-80s from 2016 to 2050[1]

China: 4.9% p.a.
Brazil: 4.7% p.a.
Worldwide: 3.5% p.a.
UE: 2.2% p.a.

Private sector's market share limited

Country	Commercial private	Non-profit, private	Public
France	20%	27%	53%
Belgium	33%	37%	30%
Italy	20%	35%	45%
Spain	30%	40%	30%
Switzerland	5%	45%	50%
Germany	41%	54%	5%
Austria	10%	35%	55%
Czech Rep.	15%	6%	79%
Poland	10%	90%	
Portugal	21%	79%	
Brazil	28%	65%	7%

■ Commercial private ■ Non-profit, private ■ Public

[1] World Bank data

ORPEA
GROUP

Europe: 10 countries

804 facilities   **84,325** beds

Germany
165 facilities
17,572 beds

Belgium
60 facilities
7,443 beds

Poland
18 facilities
2,080 beds

France
357 facilities
33,437 beds

Czech Rep.
17 facilities
2,463 beds

Portugal*
10 facilities
1,141 beds

Austria
81 facilities
7,042 beds

Spain
47 facilities
8,071 beds

Italy
15 facilities
1,736 beds

Switzerland
34 facilities
3,340 beds
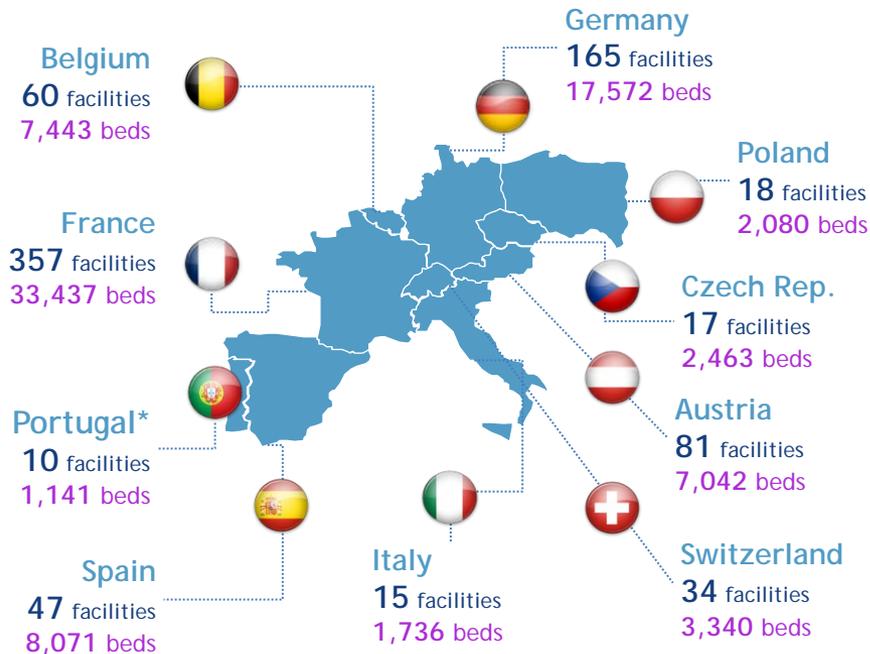
Brazil*
13 facilities
2,185 beds

China
1 facility
140 beds

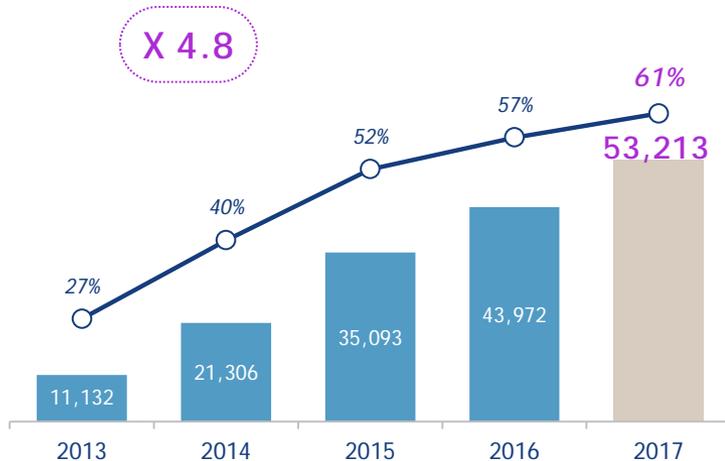## 61% of the network outside France

Joint venture 49%-owned by ORPEA

2013 – 2017: strong acceleration in the growth of the international network with 6 additional countries
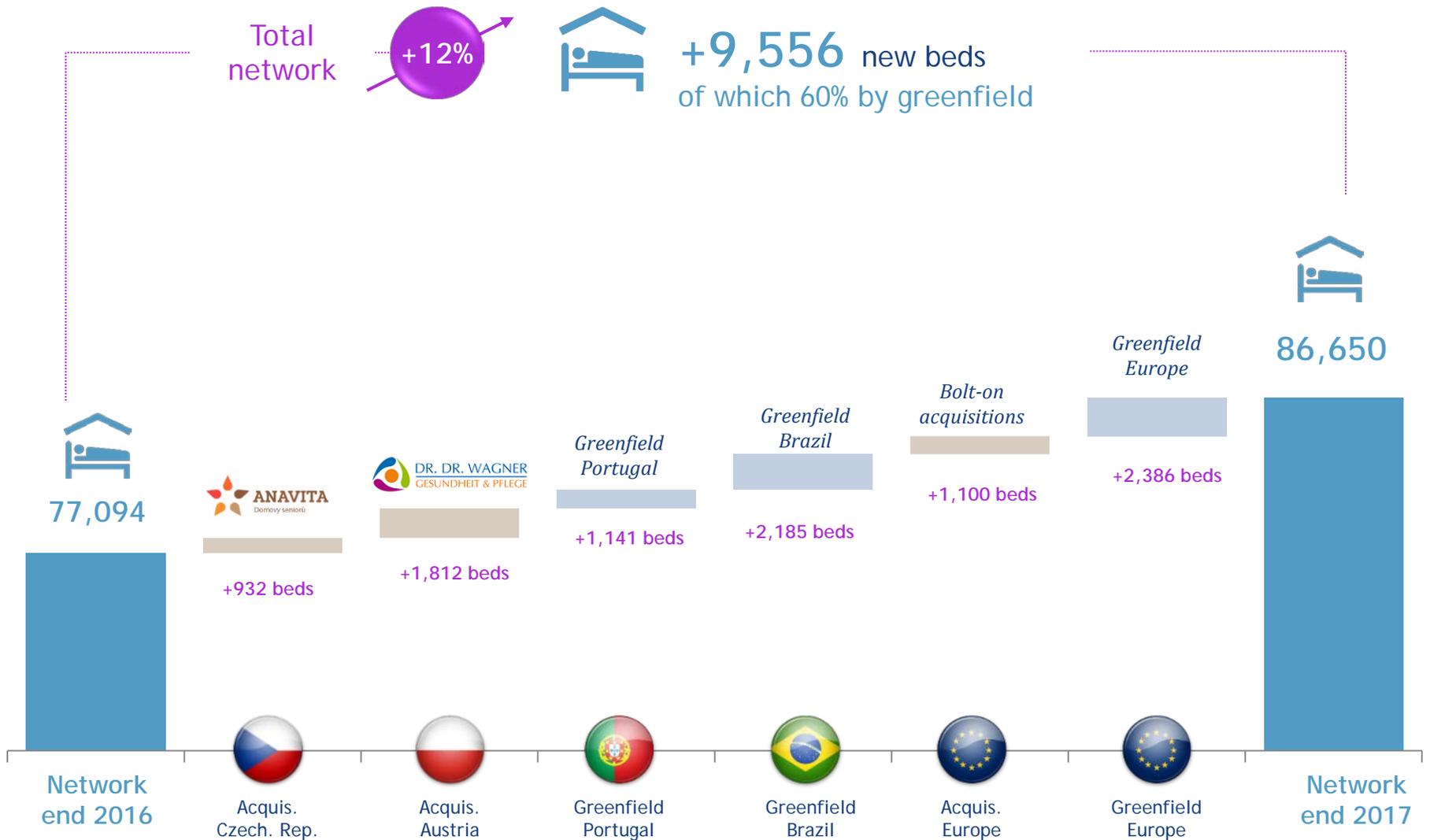
Total network (number of beds)

X 2

2013	2014	2015	2016	2017
43,003	54,098	67,781	77,094	86,650

International network
(Number of beds and % of total network)

X 4.8

2013	2014	2015	2016	2017
27%	40%	52%	57%	61%
11,132	21,306	35,093	43,972	53,213

Network maturity
(Number of mature beds and % of total network)

X 2

2013	2014	2015	2016	2017
82%	85%	87%	88%	85%
35,775	45,777	59,035	67,979	73,271

ORPEA GROUP

Total network

+12%

+9,556 new beds
of which 60% by greenfield

77,094

Network end 2016

ANAVITA
Domovy seniorů

+932 beds

Acquis. Czech. Rep.

DR. DR. WAGNER
GESUNDHEIT & PFLEGE

+1,812 beds

Acquis. Austria

Greenfield Portugal

+1,141 beds

Greenfield Portugal

Greenfield Brazil

+2,185 beds

Greenfield Brazil

Bolt-on acquisitions

+1,100 beds

Acquis. Europe

Greenfield Europe

+2,386 beds

Greenfield Europe

86,650

Network end 2017

ORPEA
GROUP

Selective acquisition in Poland (with real-estate)

- **211-bed geriatric care complex**: nursing home, assisted-living residence, and post-acute and rehabilitation facility
- Facility very recently established in a historical building located **right at the heart of Wrocław** (Poland's 4th-largest city)
- **Strong development potential**: ramp-up in the occupancy rate, possible extension, etc.

Creation of a new facility in Switzerland

- **134-bed nursing home and assisted-living facility/apartments**
- Acquisition of land in **central Münsingen** (15 mins from Bern, average annual income: CHF80,000)

Brazil

Active development through creation of new facilities and selective acquisitions

- **Initial expansion into the country** via a JV (49% ORPEA) with SIS Group to accelerate the process and benefit from the SIS Group's lead

- **Full control** expected over the short to medium term to roll out ORPEA's strategy

- **13 facilities/2,185 beds** already under construction in the largest cities
- Opportunity for selective acquisitions

Fortaleza

Rio

Florianopolis

China

Development through partnerships with leading Chinese investors

- **Opening** of a high-end showcase facility in Nanjing (140 beds)

- **Recognition of ORPEA's expertise** in long-term care and establishment of the Group's reputation

- **Creation of operational joint ventures** with HNA Group and Taikang Insurance Group

- **Cautious development with limited investments** under management contracts and joint ventures to build facilities in major cities

Growth pipeline of 13,379 beds under construction and being restructured

	Beds opened	Beds being restructured	Beds under construction	Pipeline (% of beds in development)
France	31,214	1,130	1,093	7%
Germany	14,997	0	2,575	15%
Austria	6,858	0	184	3%
Belgium	5,675	134	1,634	24%
Brazil*	0	0	2,185	100%
China	140	0	0	0%
Spain	7,764	0	307	4%
Italy	1,471	0	265	15%
Poland	972	0	1,108	53%
Portugal*	0	0	1,141	100%
Czech Rep.	1,542	0	921	37%
Switzerland	2,638	0	702	21%
TOTAL	**73,271**	**1,264**	**12,115**	**15%**

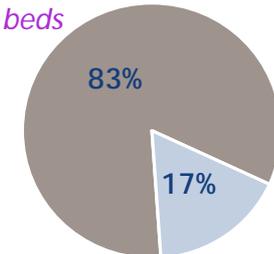**Breakdown of the pipeline by type**

Construction
12,115 beds

91%

9%
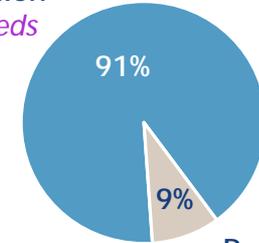
Restructuring
1,264 beds

Geographical breakdown of the pipeline

International
11,156 beds

83%

17%
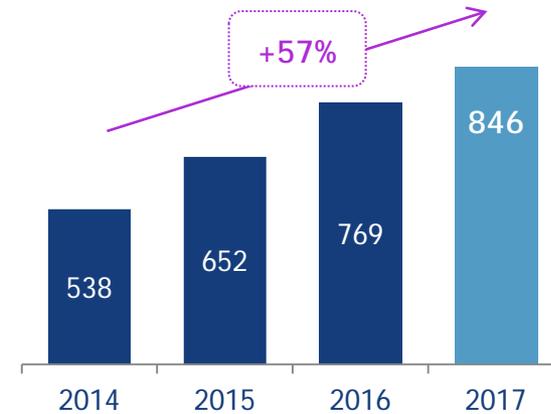
France
2,223 beds

Growth pipeline: +53% in 2 years

* Joint venture 49%-owned by ORPEA

Full-year 2017 results

Acceleration in international expansion since 2014: +32,552 beds in 6 new countries

Revenue (€m)

+61%

2014	2015	2016	2017
1,949	2,392	2,841	3,138

EBITDAR* (€m)

+57%

2014	2015	2016	2017
538	652	769	846

Pre-tax profit on ordinary activities* (€m)

+51%

2014	2015	2016	2017
172	207	237	259

Real-estate portfolio[1] (€bn)

+79%

2014	2015	2016	2017
2.8	3.4	4.1	5.0
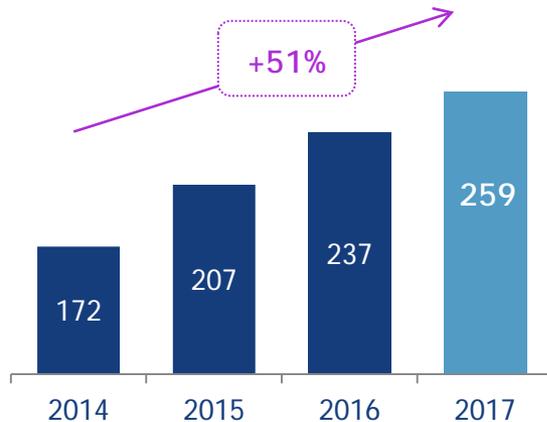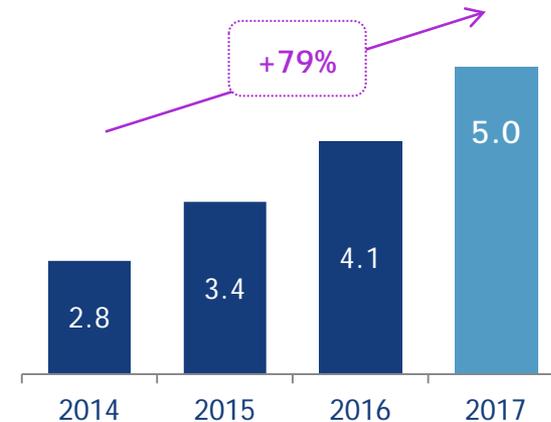
[1] Excluding the impact of assets held for sale

* See definitions in the glossary

Audit in progress

2017: outperformed targets

2017 TARGETS

2017 ACHIEVEMENTS

① Revenue increase: +10% (€3,125m)

+10.5%
€3,138m

② Solid organic growth*

+5.4%
€151m

③ Strong EBITDA* margin

+80 bps
17.5%

④ Reduction in cost of debt

-10 bps
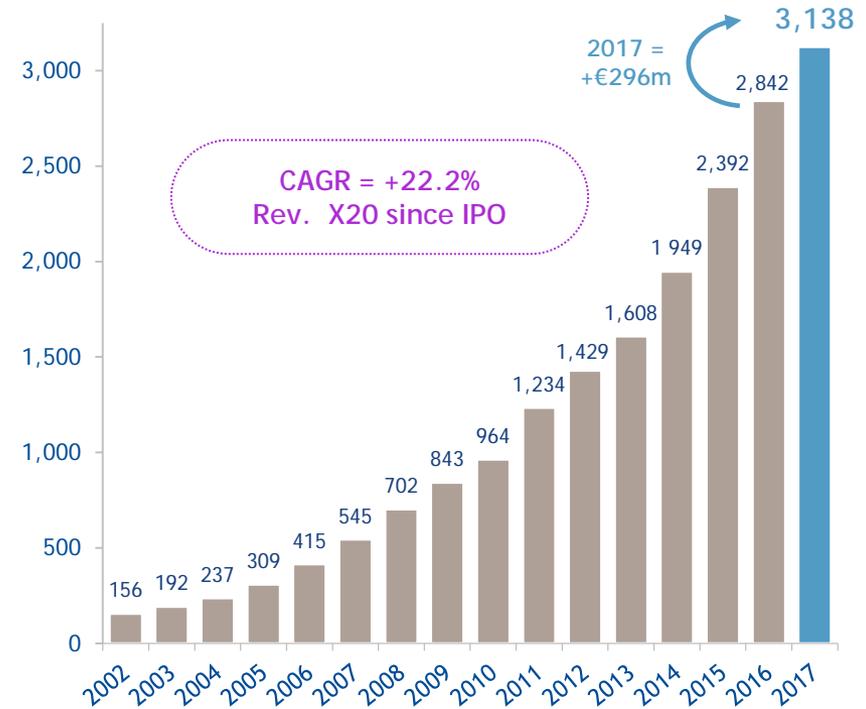3.10%

⑤ Strengthening of real-estate portfolio[1]

+ €845m
€4,970m

[1] Excluding the impact of €33m in assets held for sale as at 31.12.17   * See definitions in the glossary   *Audit in progress*

Strong 2017 revenue growth: +10.5% to €3,138m

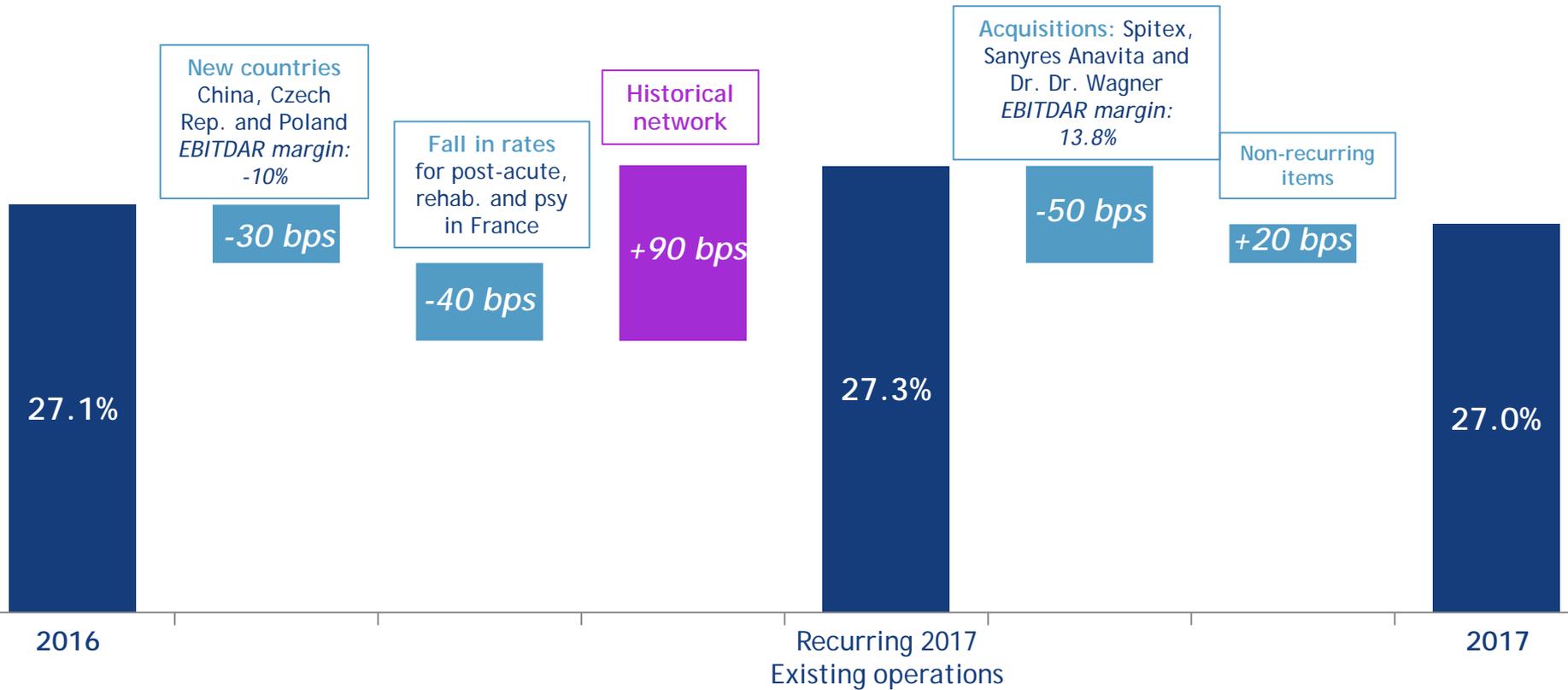| €m	2017	2016	*Change*
France	1,775.1	1,695.4	*+4.7%*
	57%	60%	
International	1,363.1	1,145.8	*+19.0%*
	43%	40%	
Germany	531.7	501.0	
Austria	242.6	176.3	
Belgium	167.6	162.1	
China	1.5	0.4	
Spain	142.8	101.7	
Italy	51.7	48.4	
Poland	13.0	11.3	
Switzerland	199.0	142.9	
Czech Rep.	13.2	1.7	
Total	**3,138.2**	**2,841.2**	**+10.5%**

Sound organic growth

- Openings: 1,900 beds
- Organic growth*: +5.4%

Growth supported by international expansion

Annual revenues growth since IPO

CAGR = +22.2%
Rev. X20 since IPO

2017 = +€296m

Year	Revenue
2002	156
2003	192
2004	237
2005	309
2006	415
2007	545
2008	702
2009	843
2010	964
2011	1,234
2012	1,429
2013	1,608
2014	1 949
2015	2,392
2016	2,842
2017	3,138

See definitions in the glossary

Audit in progress

Strong increase in EBITDAR margin for historical network

New countries
China, Czech Rep. and Poland
EBITDAR margin: -10%

-30 bps

Fall in rates
for post-acute, rehab. and psy in France

-40 bps

Historical network

+90 bps

Acquisitions: Spitex, Sanyres Anavita and Dr. Dr. Wagner
EBITDAR margin: 13.8%

-50 bps

Non-recurring items

+20 bps

27.1%

27.3%

27.0%

2016

Recurring 2017
Existing operations

2017

+ Strong performance in historical footprint

– Impact of organisational improvements in new countries and acquisitions

Audit in progress

Analysis of margins by geographical region

€m	2017			2016			Comments
	Rev.	EBITDAR*	% Rev.	Rev.	EBITDAR*	% Rev.	
France	1,775.1	531.6	*29.9%*	1,695.4	495.6	*29.2%*	+30 bps exc. non-recurring items
Germany	531.7	133.3	*25.1%*	501.0	133.5	*26.7%*	-160 bps: restructuring of headquarters
Austria	242.6	43.0	*17.7%*	176.3	34.5	*19.6%*	-190 bps: costs related to its expansion
Belgium	167.6	33.3	*19.9%*	162.1	29.3	*18.0%*	+190 bps: sharp increase in new sites occupancy rates
China	1.5	-2.9	*N.A.*	0.4	-3.1	*N.A.*	Opening of the first site in 2016
Spain	142.8	29.8	*20.9%*	101.7	21.5	*21.1%*	-20 bps: Sanyres integration
Italy	51.7	9.5	*18.4%*	48.5	7.2	*14.9%*	+350 bps: sharp increase in new sites occupancy rates
Poland	13.0	1.9	*15.0%*	11.3	1.8	*16.3%*	NS
Czech Rep.	13.2	-1.0	*N.A.*	1.7	-2.4	*N.A.*	New openings and integration of acquisitions
Switzerland[1]	155.3	46.6	*30.0%*	103.3	34.2	*33.1%*	Spitex acquisition impact

[1] Excluding the Assisted-Living business in Switzerland

* See definitions in the glossary

Audit in progress

Recurring EBITDA* up by 15.4%

iIn €m	2017	2016	Chg.
Revenue	**3,138.2**	**2,841.2**	*+10.5%*
Staff costs	-1,639.5	-1,467.3	*+11.7%*
Procurement	-562.9	-522.5	*+7.7%*
Taxes and duties	-104.4	-96.6	*+8.2%*
Other income and expenses	14.8	14.5	*N.A.*
EBITDAR* (i.e. before rents)	**846.2**	**769.4**	*+10.0%*
% of revenue	*27.0%*	*27.1%*	
Rents	-298.5	-294.9	*+1.2%*
Recurring EBITDA*	**547.7**	**474.5**	*+15.4%*
% of revenue	*17.5%*	*16.7%*	

Trend in rental income (€ m):

Waterfall chart: €294.9m (2016 rents) → + €2.1m (Like-for-like basis, Annualised rent increase: +0.8%) → + €11.8m (Rental income from new openings) → + €6.3m (Rental income from acquisitions) → - €16.6m (Rental saving from property acquisitions) → €298.5m (2017 rents)

2016 rents — *Like-for-like basis* — *Rental income from new openings* — *Rental income from acquisitions* — *Rental saving from property acquisitions* — *2017 rents*

* See definitions in the glossary

Audit in progress

Solid increase in net profitability[1]

In €m	2017	2016	Chg.
Recurring EBITDA*	**547.7**	474.5	*+15.4%*
Depreciation, amortisation and provisions	-153.3	-126.5	*+21.2%*
Recurring operating profit	**394.4**	348.1	*+13.3%*
Net financial cost	-135.4	-111.6	*+21.4%*
Pre-tax profit on ordinary activities* [1]	**258.9**	236.5	*+9.5%*
Non-recurring items	16.2	22.9	*N.A.*
Pre-tax profit [1]	**275.1**	259.4	*+6.1%*
Income tax expense [1]	-81.7	-85.6	*-4.6%*
Share in profit / (loss) of associates	4.4	3.8	*N.A.*
Net consolidated profit [1]	**197.8**	177.6	*+11.4%*

* See definitions in the glossary
Audit in progress

[1] *Excluding the cost (non-cash impact) of €160.9m arising from accounting treatment in the early redemption of the ORNANE bonds (fully offset by the increase in equity), and excluding the profit (non-cash impact) of €52.9m in 2017 arising from discounting of deferred taxes.*

Cash flows

In €m	2017	H2 2017	H1 2017	2016
EBITDA	548	289	259	475
Net cash from operating activities	398	231	167	346
Investments in construction projects	-303	-148	-155	-250
Acquisitions of real-estate	-631	-148	-483	-545
Disposals of real-estate	31	15	16	140
Net real estate investments	-903	-281	-622	-655
Net investments in operating assets	-164	-66	-98	-131
Net cash from financing activities	743	175	568	461
Change in cash over the period	74			21
Cash at end of period	614			540

Audit in progress

Sound financial structure

ORPEA GROUP

Condensed balance sheet[1] at 31.12.17 (€m)

Assets

- Goodwill: 1,002
- Intangible assets: 2,066
- Property, plant and equipment and real estate under development: 4,970
- Others: 1,005

Liabilities

- Equity: 2,697
- Indefinitely Deferred Taxes: 427
- Net debt: 4,413
- Other deferred taxes: 424
- Others: 1,082

Equity and quasi-equity: €3,124m
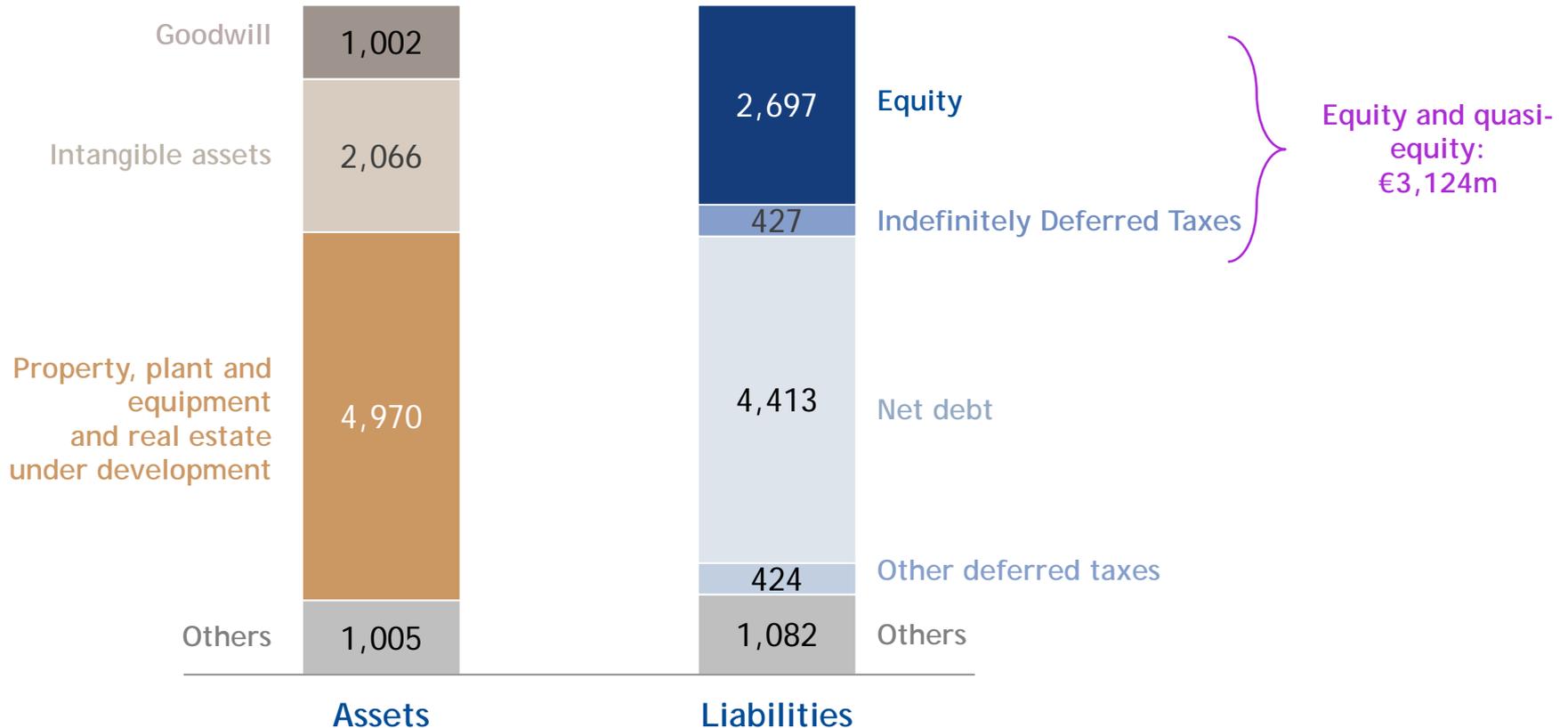
Over 12 months, total net debt: up €733m
Real-estate portfolio: up €845m

Audit in progress

Diversified, long-term and real-estate related net debt

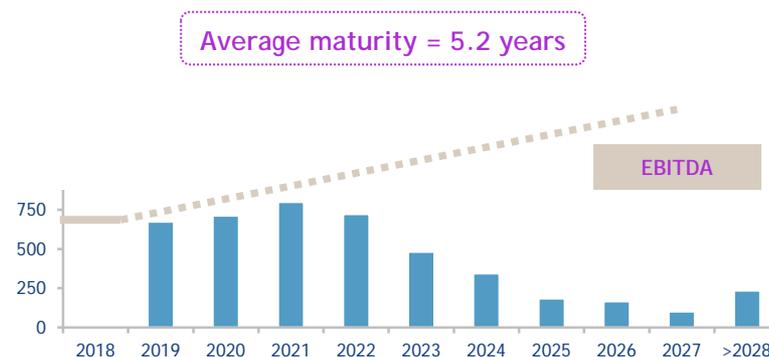| Indicators	31.12.17	30.06.17	31.12.16
Net financial debt* (€m)	4,413	4,366	3,680
% real estate debt	85%	85%	84%
Restated financial leverage[1]	2.1	2.3	2.3
Restated gearing[2]	1.4	1.8	1.5

[1] $\dfrac{\text{Financial liabilities Net – Real estate debt}}{\text{EBITDA – (6\% real est. debt)}}$

[2] $\dfrac{\text{Net debt}}{\text{equity + quasi equity}}$

Covenants comfortably met

Restated financial leverage[1]

Maximum authorized

5.5

2.1

ORPEA GROUP

Restated gearing[2]

1.4   2.0

Diversified net debt*

Non-bank debt 45%

Bank debt 55%

34%

45%

21%

■ Bonds and Schuldschein   ■ Property financial leases   ■ Bank loans
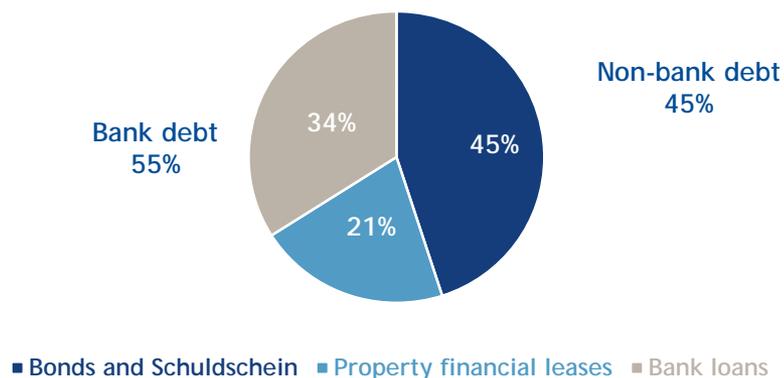
Maturity profile of net debt*

Average maturity = 5.2 years

EBITDA

750
500
250
0

2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 >2028

Excluding €64m and €140m in debt associated with assets held for sale at 31.12.17 and 31.12.16 respectively

Audit in progress

Successful inaugural public bond issue in 2018

Continued execution of the diversification strategy

- Disintermediation initiated in 2012 with the Euro PP and Schuldschein issues

- ORPEA's size and robust position have enabled it to tap into this new market

Success of the 1st public placement

- Initial objective: €300m with a 5-7 year maturity

- Outcome: €400m with a 7-year maturity (2025)
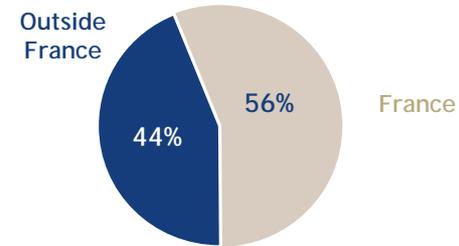
- Attractive fixed rate: 2.625%

Objectives

- Diversify investor loans (separate from other disintermediated products)

- Extend debt maturity at an attractive cost

- Increase the disintermediation of the debt

Breakdown by country

Outside France 44%
France 56%

Breakdown by type of investor

Banks 11%
Insurers 24%
Asset managers 64%

**Success demonstrating the Group's strong balance sheet**
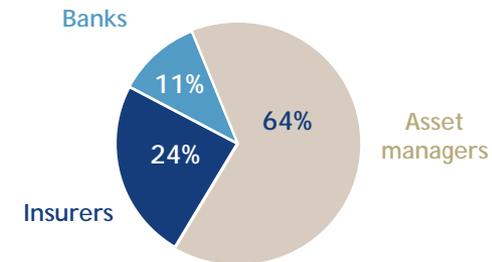
Balance sheet improved over the past 3 years and strong acquisition-led expansion (operations and real estate)

- Equity strengthened in 2017 through early redemption of the ORNANE
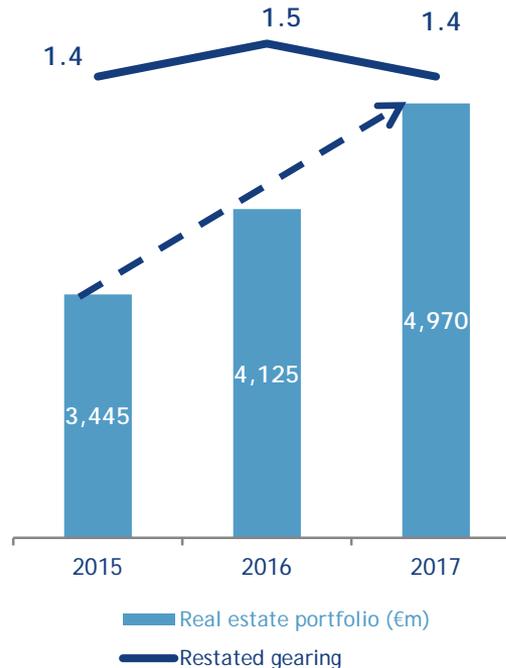- Euro PP and Schuldschein issues (since 2012)

Improvement in financial leverage[1] with strong development

Number of beds: up 28%

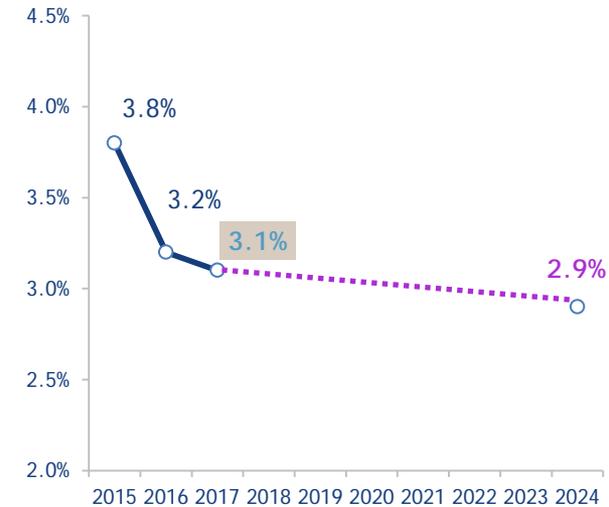Restated financial leverage[1]: down 80bps

2.9

2.3

2.1

86,650

77,094

67,781

2015 | 2016 | 2017

- Number of beds
- Restated financial leverage
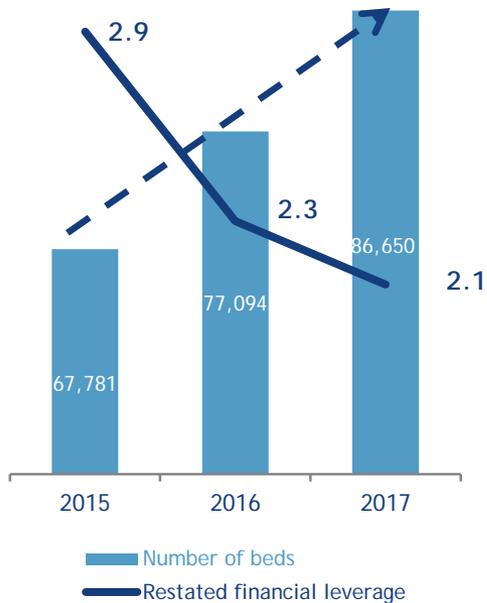
Stable gearing with increase in the real-estate portfolio

Real estate portfolio: up 44%

Stable restated gearing[2]

1.4

1.5

1.4

4,970

4,125

3,445

2015 | 2016 | 2017

- Real estate portfolio (€m)
- Restated gearing

Fall in the cost of debt

Lower cost of debt:

down 70bps

4.5%
4.0%
3.5%
3.0%
2.5%
2.0%

3.8%

3.2%

3.1%

2.9%

2015 2016 2017 2018 2019 2020 2021 2022 2023 2024

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[1] Net debt - real estate debt / EBITDA – (6% real estate debt)

[2] Net debt / Equity + quasi-equity

Audit in progress

31

Real-estate portfolio: €5.0bn (+20% in 1 year)

	31.12.17	31.12.16	Chg.
Real estate ownership rate	45%	39%	+6 pts
Total value[1] (€m)	4,970	4,125	+20%
Surface area (sqm)	1,842,000	1,525,000	+21%
Average yield (properties valued by Cushman & Wakefield and JLL)	6.0%	6.1%	-10 bps

Growth in the portfolio (€m) and ownership rate

Real-estate ownership rate by country

		31.12.17	31.12.16	Chg.
	Group total	45%	39%	+6 pts
	France	52%	50%	+2 pts
	Germany	16%	9%	+7 pts
	Austria	55%	39%	+16 pts
	Belgium	45%	45%	=
	Spain	69%	61%	+8 pts
	Italy	67%	33%	+34 pts
	Poland	88%	86%	+2 pts
	Switzerland	10%	7%	+3 pts
	Czech Republic	100%	0%	+100 pts

[1]Excluding the impact of the €33m and €67m in assets held for sale at 31.12.17 and 31.12.16 respectively

Audit in progress

Dividend growth of 10%

ORPEA
GROUP

Proposed dividend to the 2017 General shareholder meeting: €1.10 / share
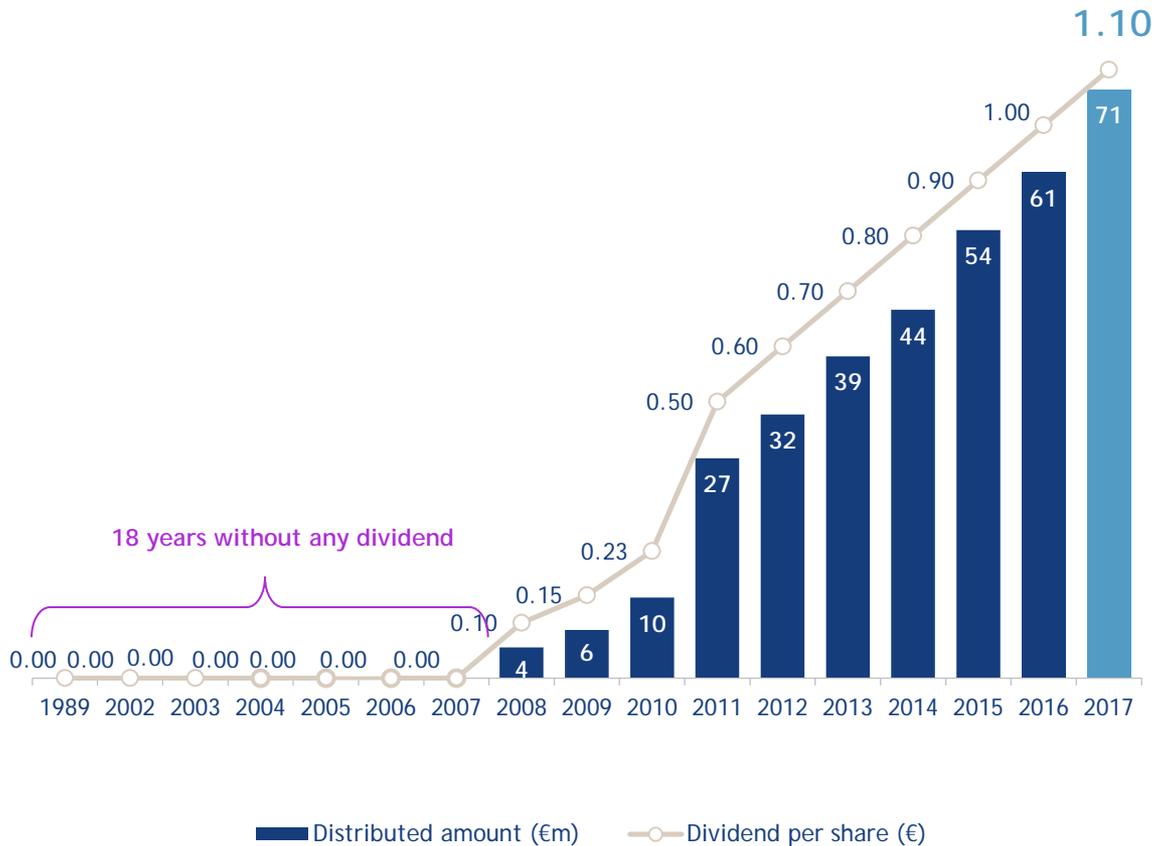
Increase in dividend per share:
+10%

Yield*:
1.1%

* Based on the closing price of the share as at 26.03.18

Payout ratio of the net profit:
36%

Chart values:

Year	Distributed amount (€m)	Dividend per share (€)
1989		0.00
2002		0.00
2003		0.00
2004		0.00
2005		0.00
2006		0.00
2007		0.00
2008	4	0.10
2009	6	0.15
2010	10	0.23
2011	27	0.50
2012	32	0.60
2013	39	0.70
2014	44	0.80
2015	54	0.90
2016	61	1.00
2017	71	1.10

18 years without any dividend

Legend: ▬ Distributed amount (€m)   ⊸ Dividend per share (€)

Audit in progress

Positive impact of the inflationary environment

ORPEA GROUP

**Inflation
Interest rate rise**

ORPEA GROUP

Profitability

Balance sheet

Inflation impact

Revenue	+	Daily prices mostly indexed on CPI
Procurement	+	Increased bargaining power
EBITDAR	↗	
Rents	+	50% of the leases have a CPI-indexation capped
EBITDA	↗	
Net financial cost	=	Net debt fully hedged
Net profit	↗	

Inflation impact

Real-estate value	=	Valuation at 6% yield Vs. 4.5% yield seen for recent market transactions

Poznań (Poland)

ORPEA GROUP

2017 and 2018 openings

Antwerp (Belgium) - 115 beds

Auxerre (France) - 90 beds

Nancy (France) - 105 beds

Hanover (Germany) - 84 beds

Stuttgart (Germany) - 80 beds

Lake Maggiore (Italy) - 80 beds

Kolin (Czech Rep.) - 131 beds

Sitzenberg (Austria) - 80 beds

Ardooie (Belgium) - 175 beds

Ostend (Belgium) – 157 beds

Paris 16th (France) – 87 beds

Callian (France) – 80 beds

Brussels (Belgium) – 223 beds

Zürich (Switzerland) – 80 beds

Milan (Italy) – 120 beds

Praha (Czech Rep.) – 224 beds

Berlin (Germany) – 164 beds

Genoa (Italy) – 141 beds

Strategy and outlook

Revenue €3,400m +8.3%

EBITDA margin = or > vs. 2017

Development (greenfields + acquisitions)

Execution of the longstanding value-creation strategy

Development in prime locations

Creation of new facilities (locations with strong purchasing power)

Selective and opportunistic acquisitions

Optimisation of the existing network (extensions, specialisation, etc.)

Internationalisation

New developments in the 12 existing countries, e.g. Eastern Europe, Brazil

Identification of new geographical territories with insufficient capacity and strong purchasing power

Real-estate strategy: 50/50 mix between ownerhip and leasing

Ownership of a proportion of the new projects

Sales and lease-back for the other part

Ongoing organisational improvements

Building-up of management and head office teams in the new countries
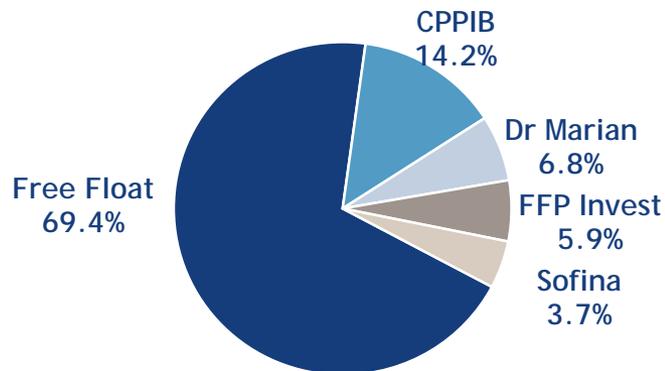
Strengthening of support and control functions

ORPEA is now a world leader in long-term care

Appendix

Glossary

ORPEA GROUP

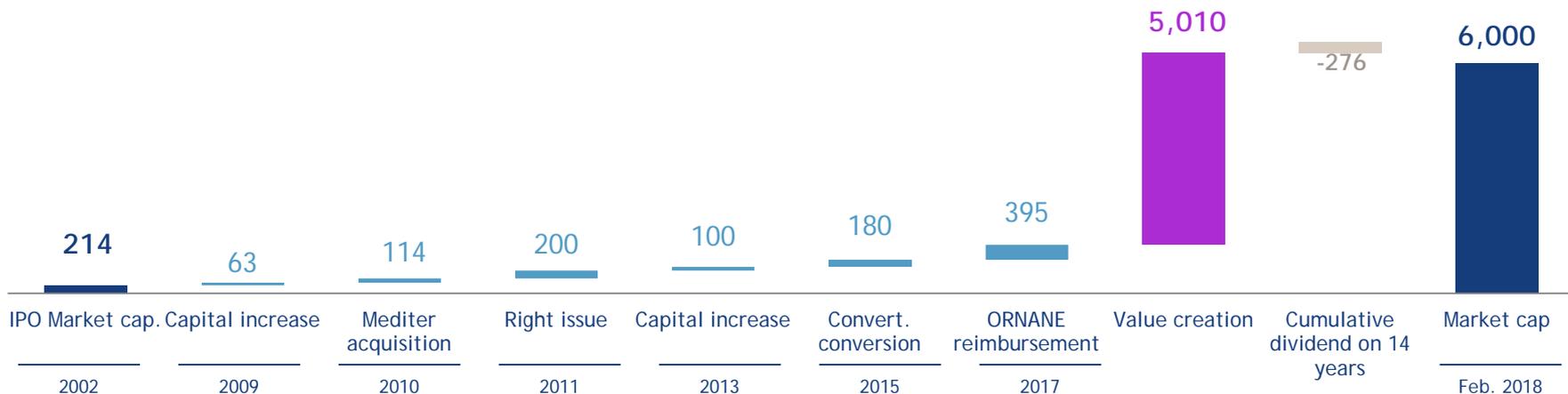|	
Organic growth	**Organic growth reflects the following factors:** 1. The year-on-year change in the revenue of existing facilities as a result of changes in their occupancy rates and per diem rates 2. The year-on-year change in the revenue of redeveloped facilities or those where capacity has been 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
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

Long-term shareholders, dedicated to value creation

Shareholding structure
% of share capital at 31.12.17

- CPPIB 14.2%
- Dr Marian 6.8%
- FFP Invest 5.9%
- Sofina 3.7%
- Free Float 69.4%

An 11 Board members with complementary skills

- Board members:
    - Philippe Charrier – Non-executive Chairman
    - Yves Le Masne – CEO
    - Jean Patrick Fortlacroix
    - FFP Invest (Thierry Mabille de Poncheville)
    - Xavier Coirbay (appointed on proposal by Sofina)
    - Joy Verlé (appointed on proposal by CPPIB)
    - Christian Hensley (appointed on proposal by CPPIB)
    - Bernadette Chevallier
    - Brigitte Lantz
    - Laure Baume
    - Sophie Kalaidjian (Employees representative)

Strong value creation since the IPO (€m)

IPO Market cap.	Capital increase	Mediter acquisition	Right issue	Capital increase	Convert. conversion	ORNANE reimbursement	Value creation	Cumulative dividend on 14 years	Market cap
214	63	114	200	100	180	395	5,010	-276	6,000
2002	2009	2010	2011	2013	2015	2017			Feb. 2018

Consolidated balance-sheet

In €m	31-Dec-17	31-Dec-16
Non-current assets	**8,216**	**7,131**
Goodwill	1,002	982
Intangible assets	2,066	1,889
Property, plant & equipment and property under development	4,970	4,125
Other non-current assets	177	135
Current assets	**1,413**	**1,104**
Of which cash, cash equivalents and marketable securities	*614*	*540*
Assets held for sale	**64**	**140**
TOTAL ASSETS	**9,692**	**8,375**
Equity attributable to equity holders of the parent and perma	**3,124**	**2,556**
Equity attributable to equity holders of the parent	2,697	2,113
Deferred taxes on intangible assets	427	443
Non-controlling interests	**0**	**0**
Non-current liabilities	**5,222**	**4,437**
Other deferred tax liabilities	424	354
Provision for liabilities and charges	177	207
Medium- and long-term financial debt	4,621	3,801
Change in the FV of share allotment entitlements embedded in ORNANE	-	75
Current liabilities	**1,282**	**1,242**
Of which short-term debt (bridge loans)	*405*	*419*
Debt linked to assets held for sale	**64**	**140**
TOTAL EQUITY AND LIABILITIES	**9,692**	**8,375**

ASSETS

LIABILITIES

Audit in progress

Business

86,650 beds

(including 13,379 under development)

Full-year revenue	**€3,138m**
EBITDA	
= 2017 EBITDA – Rent at 5.5%* of the - owned real-estate operated (€4,601m)	**€295m**
Operational net debt	**€641m**
Financial leverage	**2.2x EBITDA**

HEALTHY "OPERATING" FINANCIAL LEVERAGE

Dedicated real estate

Total value of the portfolio[1]	**€4,970m**
- In operation	€4,601m
- Under construction	€369m
Total net real estate debt	**€3,772m**
- For properties in operation	€3,403m
- For properties under construction	€369m

ORPEA'S REAL ESTATE: HIGH-VALUE, LOW-RISK ASSET

[1]*Excluding the impact of the €33m in assets held for sale at 31.12.17*

Audit in progress

Determination of daily prices for nursing homes

FRANCE

- Dep.* 10%
- Care 20% — Public Health Insurance
- Acc. / Services 70% — Resident (pricing freedom for new resident, then regulated)
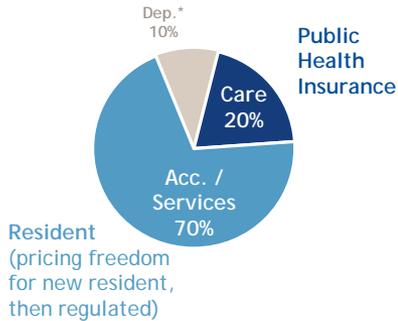
Average total revenue per day: €110

BELGIUM

- Care + Dep. 40% — Public Health Insurance
- Acc. / Services 60% — Resident (pricing freedom at opening, then regulated)

Average total revenue per day: €110

SPAIN

- Dep. 20% — Region
- Care / Acc. / Services 80% — Resident (pricing freedom)
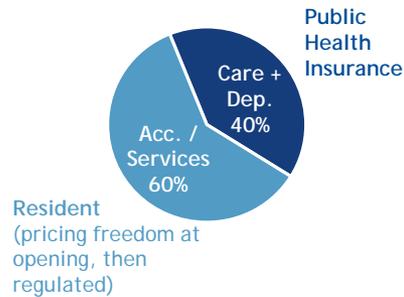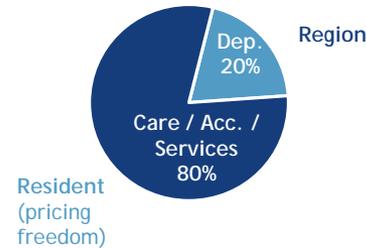
Average total revenue per day: €55

ITALY

- Care + Dep. 45% — Regional Health Insurance
- Acc. / Services 55% — Resident (pricing freedom)
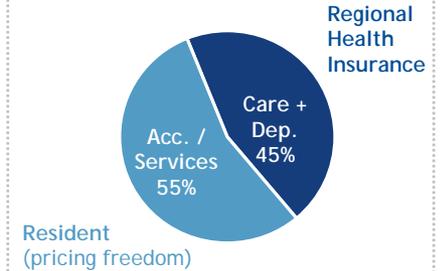
Average total revenue per day: €90

SWITZERLAND

- Resident
- Dep. 18%
- Care 28% — Health Insurance and Private Insurance
- Accomodation 54% — Resident Or Canton
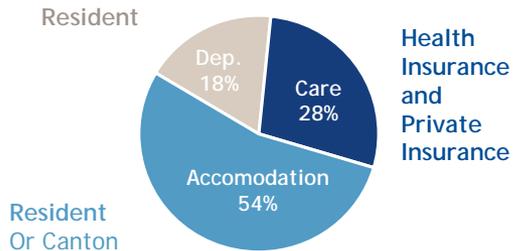
Average total revenue per day: €240

GERMANY

- City or resident
- Rent 15%
- Care + Dep. 50% — Long-term care public insurance
- Food / Services 35% — Resident or Welfare state
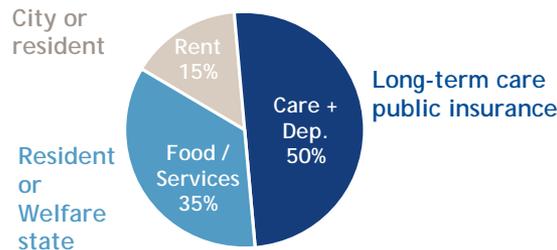
Average total revenue per day: €100

AUSTRIA

- Region if resident's income not sufficient
- 20%
- 40% — Long-term care public insurance
- 40% — Resident
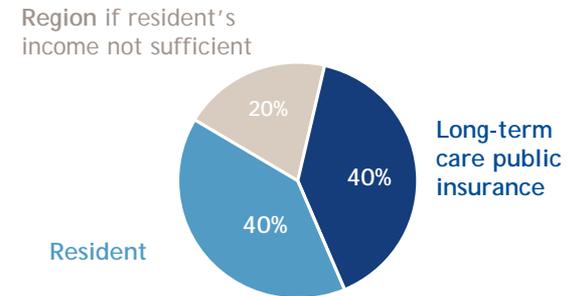
Average total revenue per day: €120

Dep. = Dependency expenses

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Ageing population: a challenge for any country

		80+ between 2016 and 2050[1]	Number of existing beds	Bed ratio (in % of 80+ population)	Estimated beds to be created
	FRANCE	+97% 8.1m in 2050	590,000	14%	25,000 by 2025 + 116,000 to rebuild
	AUSTRIA	+156% 1.2m in 2050	70,000	16%	30,000 by 2030
	BELGIUM	+107% 1.3m in 2050	137,000	22%	45,000 by 2030
	BRAZIL	+378% 15.5m in 2050	100,000	3%	300,000 by 2030
	CHINA	+406% 119m in 2050	-	-	Millions of beds
	CZECH REP.	+107% 0.9m in 2050	52,000	12%	80,000 by 2030
	GERMANY	+122% 10.9m in 2050	900,000	18%	100,000 by 2025
	ITALY	+106% 8.9m in 2050	390,000	9%	80,000 by 2030
	POLAND	+99% 3.2m in 2050	85,000	5%	120,000 by 2030
	PORTUGAL	+101% 1.2m in 2050	80,000	13%	50,000 by 2030
	SPAIN	+124% 6.3m in 2050	375,000	13%	50,000 by 2030
	SWITZERLAND	+173% 1.1m in 2050	93,000	22%	70,000 by 2030

Over 1 million beds (excl. China) to be built by 2030

[1] Source: World bank

Stock market data

Market data (12 months)

- Average trading volume: **155,000 shares per day** (= **€15m**) all platforms combined

- Share price: **€102.35**

- 12-month high: **€107.35**

- 12-month low: **€84.98**

- Turnover: **65% in 12 months**

- Mkt cap.: **€6,607m**

- Nbr of shares outstanding: **64,553,123**
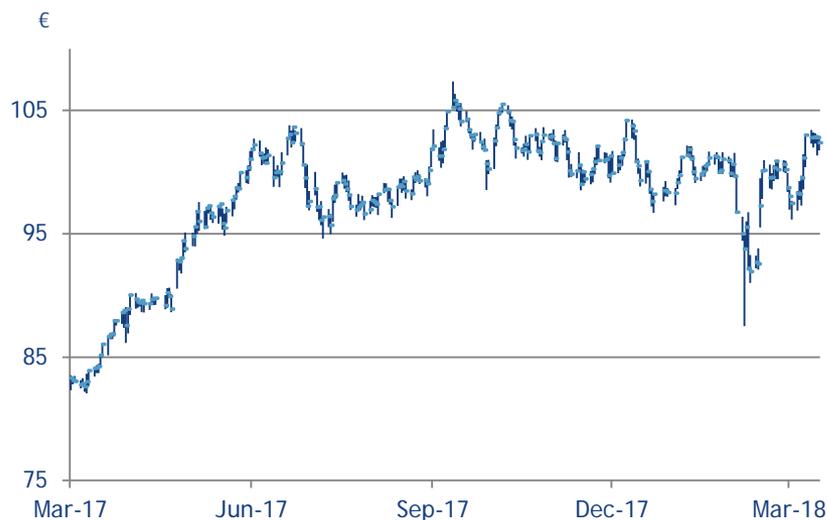
Indices

- Compartment A of Euronext Paris

- Component of the MSCI Small Cap Europe, Stoxx Europe 600, CAC Mid 60 and SBF 120 indices

- Member of the SRD (deferred settlement service)

Contacts

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Data as at 16 March 2018