

ORPEA RELEASES PRELIMINARY UNAUDITED FINANCIAL INDICATORS RELATED TO THE 1ST HALF OF 2022

Revenues up 10.9% and EBITDAR margin down to 18.5%

Puteaux (France), 12 September 2022 (7:30 am CEST)

Activity in the first half of the year and during the summer months remained sustained by the pace of new bed openings and a gradual improvement in the level of activity.

At the same time, operating profitability for the first half of the year, as well as for full-year 2022, has been affected by the reduction in compensation mechanisms relating to Covid-19, which the increase in the Group's occupancy rate was not sufficient to counterbalance, as well as by a sizeable amount of non-recurring income specific to 2021, an inflationary context in purchases (particularly energy) and also by a more active recruitment policy, particularly in France, in a job market under pressure.

Laurent Guillot, Chief Executive Officer, said: *"A little over two months after taking office, I am convinced that ORPEA benefits from solid assets to be a leading player at the heart of the societal challenges associated with the care of elderly persons. Its 72,000 employees caring for residents, patients and their families are the most important of these. I would like to extend my warmest thanks to all our teams, both in France and abroad, for their unwavering commitment, particularly during this very hot summer.*

We have taken a first step with concrete measures that were decided this summer as part of the implementation of our three short-term priorities: safety and working conditions for our employees; quality of care and support for our residents, patients and their families; and the ethical and responsibility principles that are attached to our mission.

With the support of a largely renewed Board of Directors, ORPEA is fully engaged in its transformation plan and into restoring sustainable practices, in a spirit of dialogue and transparency with all our stakeholders. I will present the main orientations of this plan in the autumn."

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The Board of Directors meeting on 10 September 2022 reviewed the preliminary financial indicators for the first half of 2022, unaudited as of today, and the economic environment for the second half of 2022.

The indicators for the first half of 2022 are as follows:

(€m)	FY2020	FY2021	H1 2021	H1 2022 (unaudited figures)
Revenue	3,922	4,299	2,070	2,295 ⁽¹⁾ + 10.9%
EBITDAR	963	1,070	515	
<i>Margin</i>	24.6%	24.9%	24.9%	18.5%
EBITDA	927	1,041	499	
<i>Margin</i>	23.6%	24.2%	24.1%	17.9%
Recurring operating profit	423	396	231	
<i>Margin</i>	10.8%	9.2%	11.1%	3.6%
Gross financial debt	7,542	8,863	8,264	9,475
Cash	889	952	938	1,130
Net financial debt ⁽²⁾	6,653	7,910	7,326	8,345
Rental expense ⁽³⁾	354	382	186	212

(1) This amount is €17 million lower than the figure published on 20 July 2022 due to a change in the accounting approach for an entity that is no longer included in the scope of consolidation.

(2) As of June 30, 2022, the Company had a syndicated facility of 1,729 million euros, of which 900 million euros had been drawn.

(3) It should be noted that rental expenses are not deducted from EBITDA in accordance with IFRS 16

Certain income statement items (financial income and expense, non-current items and income tax expense) are still the subject of internal and external works. With regard to the determination of non-current items, impairment tests are currently being carried out, mainly on certain intangible assets. Based on the information in its possession, the Company estimates that the resulting impairment losses could range between €170 million and €220 million.

Change in EBITDAR margin between H1 2021 and H1 2022 is explained by:

- the substantial reduction in compensation for Covid-19 received in the various countries concerned, which the increase in the Group's occupancy rate between the two periods was not sufficient to counterbalance, as well as by the recording of sizeable specific income in the first half of 2021 that did not recur in 2022. These two items account for about two-thirds of the change in the margin rate between the two periods;
- the other third comes from an increase in other costs which is in line with a highly inflationary environment impacting purchases, while the tariffs charged to patients and residents remained almost stable in the short term. The most significant inflationary effects concerned foodstuffs and especially energy. As a result of the hedging policy decisions made in 2021, the company's energy purchases for 2022 are only partially hedged, and there is no hedging on electricity in France in particular. As a result, the Group's energy costs as a percentage of revenue in the first half of 2022 stood at 2.9%, compared with 1.9% in the first half of 2021.

During the first half of 2022, despite the crisis, the Group continued its development with the opening of 1,547 additional beds, corresponding to new facilities and extensions in all its geographical areas. These achievements respond to the need to develop a care offer in line with the expectations of families, residents and authorities in the different countries.

Expected operational performance in the second half of the year

The Group's average occupancy rate since the beginning of 2022 remains above the average level for the same period in 2021. This trend was confirmed in July and August. As a result, ORPEA confirms its confidence in its ability to maintain robust revenue growth momentum throughout 2022.

ORPEA expects the decline in the financial performance of its activities experienced in H1 2022 compared with H1 2021 to continue into the second half of the year and considers it may be amplified by additional volatility observed recently in energy markets. In this context, and depending on the recovery of the occupancy rate, EBITDAR margin in H2 2022 could be lower than the level seen in H1 2022.

Transformation has started, for the benefit of residents, patients, families and employees

Three priorities have already been set for the short term: safety and working conditions, quality of care and support, and unconditional respect for ethical principles. Immediate steps in this direction were taken during the summer. For example, in France, payment of an attendance bonus for those who completed 10 weeks of work out of the 13 weeks that constitute the critical summer period. Reporting of undesirable events is now systematically escalated to Executive Management in order to speed up the implementation of action plans designed to improve the quality of care. Greater autonomy has been given to facility Directors to recruit or decide on improvements to their facilities.

These priorities will enhance the transformation plan currently being drawn up, which will be presented in the autumn.

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Financial calendar

ORPEA will announce its consolidated financial results for the first half of 2022 on 28 September 2022 after market close.

About ORPEA

ORPEA is a leading global player, expert in the care of all types of frailty. The Group operates in 22 countries and covers three core businesses: care for the elderly (nursing homes, assisted living, home care), post-acute and rehabilitation care and mental health care (specialized clinics). It has more than 72,000 employees and welcomes more than 255,000 patients and residents each year.

<https://www.orpea-group.com/>

ORPEA is listed on Euronext Paris (ISIN: FR0000184798) and is a member of the SBF 120, STOXX 600 Europe, MSCI Small Cap Europe and CAC Mid 60 indices.

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