H1 2013: STRONG EARNINGS GROWTH

- **REVENUES UP *14.3%* TO €782.5 MILLION**
- **EBITDAR MARGIN: *+140 BASIS POINTS* TO 26.9%**
- **NET PROFIT: *€57.1 MILLION* (+12.6%)**

2013 GUIDANCE CONFIRMED

- **REVENUES: €1,600M (+12%)**
- **INCREASED PROFITABILITY**
- **FIRM GRIP ON DEBT**

Puteaux, 11 September 2013

The ORPEA group, the leading European player in Long-Term Care (nursing homes), Post-Acute Care and Psychiatric Care, has today announced its consolidated results[1] for the six months ended 30 June 2013.

€ m (IFRS)	**H1 2013**	**H1 2012**	**▲%**
Revenues	**782.5**	684.7	*+14.3%*
EBITDAR (EBITDA before rent)	**210.7**	174.6	*+20.6%*
EBITDA	**145.2**	121.9	*+19.1%*
Recurring operating profit	**111.1**	92.4	*+20.2%*
Operating profit	**130.5**	110.0	*+18.6%*
Profit before tax	**86.8**	73.2	*+18.6%*
Attributable net profit	**57.1**	50.7	*+12.6%*

[1] A limited review of the figures is underway.

Commenting on these figures, Yves Le Masne, ORPEA's Chief Executive Officer, said: *"Once again, ORPEA performed remarkably well in the first half of 2013, with strong profitable growth resulting from its focus on quality and its value-enhancing development policy.*

Revenues rose by 14.3% while EBITDAR, the main indicator of operational profitability, grew 20.6% and equalled 26.9% of revenues. This represents a very firm increase of 140 basis points.

At the same time, the Group maintained its growth momentum, completing the acquisition of facilities comprising almost 1,500 beds, including 1,100 beds in Flanders, while keeping debt firmly under control.

The Group is particularly confident about hitting its 2013 targets:
- *revenues up 12% to €1,600 million;*
- *increase in operating margins;*
- *over €200 million of real-estate disposals;*
- *stable net debt relative to 31 December 2012.*

In addition to its strategy of increasing cash flow, the Group will continue its development, particularly outside France, supported by a solid base in its established countries."

Solid earnings growth

Revenues in the first half of 2013 came in up 14.3% at €782.5 million, driven by robust organic growth (+7.1%) and selective acquisitions, particularly outside France.

EBITDAR (EBITDA before rent) rose more quickly than revenues, coming in up 20.6% at €210.7 million.
EBITDAR margin was 26.9%, up 140 basis points relative to the first half of 2012. It has risen 330 basis points in the four years, despite being affected by the rapid pace of openings and refurbishments.
This good performance results from:
- the increase in the number of mature facilities, which now account for almost 80% of the ORPEA network;
- the contribution of new facilities, which are exceptionally well located;
- improvements in Group management, including the move to bring support functions in-house and centralise them.

Rental expense rose 24.2% to €65.4 million, due in particular to the €300 million of real-estate disposals carried out in 2012.
At constant scope, annualised growth in rental expense remained limited at 1.3%, with index-linked rent increases being capped on most leases.

EBITDA grew 19.1% to €145.2 million.

Recurring operating profit came in at €111.1 million, up 20.2%. This equals 14.2% of revenues, an increase of 70 basis points relative to the first half of 2012.
This recurring operating margin represents an all-time high, despite losses from the opening of facilities with 1,200 beds during the first-half period (mainly in nursing homes) and the ongoing refurbishment of facilities with over 3,000 beds.

Operating profit (EBIT) increased by 18.6% to €130.5 million. This includes non-recurrent net profit of €19.4 million versus €17.6 million in the first half of 2012, due in particular to real-estate disposals.

The net cost of debt in the first half of 2013 was €43.7 million, up 18.7% relative to the first half of 2012.

Tax expense amounted to €30.7 million, up 34.5% year-on-year. The increase was partly the result of new taxes, i.e. the tax on dividends and the limit on the amount of interest that is tax-deductible.

Attributable net profit rose 12.6% to €57.1 million.

Real-estate portfolio: €2.4 billion

As part of its real-estate strategy, which combines ownership with rental, the Group will sell over €200 million of real-estate assets in full-year 2013. With €65 million of disposals completed in the first half, the programme is already well underway. The quality of the buildings and ORPEA's strong reputation are attractive for many investors, and result in particularly favourable rent and indexation conditions.

At 30 June 2013, ORPEA owned or jointly owned 258 buildings, representing a developed area of 859,000 m^2 (on over one million sqm of land), with a total value of €2,425 million[2].

This portfolio is a strategic asset for the Group, consisting of modern buildings located in city centres and major urban areas.

Further improvement in the financial position

At 30 June 2013, shareholders' equity attributable to equity holders of the parent amounted to €1,259 million, as opposed to €1,214 million at 31 December 2012.

Net debt totalled €1,864 million[3], stable compared with 31 December 2012 (up 2.9%) despite the rapid pace of acquisitions.
At 30 June 2013, the Group's two main debt ratios were stable compared with 31 December 2012. These ratios show the Group's solid financial position:

- financial leverage restated for real-estate assets = 1.7x (authorised level of 5.5x);
- adjusted gearing = 1.3x (authorised level of 2.0x).

The Group's net debt is still mainly real estate-related (86%) and secured by high-quality assets that show low volatility.

Since the start of the year, ORPEA has continued its strategy of enhancing and diversifying its financial position by issuing bonds through private placements in France (€53 million including €33 million in the first half of 2013) and Belgium (€75 million in July 2013), and by issuing ORNANEs (€198 million in July 2013).

These highly successful transactions significantly increased the average maturity of the Group's debt, further enhancing its flexibility.

[2] Excluding the €236 million impact of assets currently being divested
[3] Excluding €236 million in debt associated with assets held for sale

ORPEA also took advantage of particularly low interest rates by continuing to increase hedging of secured debt for the next four years, with around 95% now hedged against fluctuations in interest rates.

Development strategy focused on international markets

In the first half of 2013, as part of its strategy of selective growth in international markets, the Group acquired facilities in Flanders containing 1,100 beds.

After the successful deployment of its business model in five European countries, ORPEA intends to continue its international expansion, targeting countries that are facing the challenge of population ageing and where the market lacks structure and does not meet the care needs of older people, particularly as regards neurodegenerative illnesses.

ORPEA has set up a wholly owned subsidiary to handle its expansion in China.
The Group is looking at several plans to operate high-end facilities in Shanghai.
Given the explosion in the number of very elderly people in China and limited supply in the market, ORPEA has been warmly welcomed by the Chinese supervisory authorities.
The Chinese government's desire to allow open access to its market is shown by the statement made by Prime Minister Li Keqiang on 16 August 2013: "the government will cut red tape and costs to spur foreign investment into the type of privately funded care that is common in the West".

At the same time, to prepare for future openings, the Group is strengthening its links with sector specialists in order to adjust its care plans to the Chinese market and set up training programmes.

Outlook: growth, profitability and a firm grip on debt

Dr. Jean-Claude Marian M.D., Chairman of ORPEA, concluded: *"Every day, our 30,000 employees in Europe show their commitment to providing appropriate, high-quality care and services to our residents and patients. This enabled ORPEA to achieve an excellent performance in the first half of 2013, through a combination of:*

- *business growth, with 1,200 new beds opened;*
- *job creation, with 600 long-term jobs in services for the elderly, and thousands of construction jobs supported through 50 projects underway;*
- *profitability, with a firm increase in margins;*
- *international expansion, with growth in Flanders and plans to start operating in China.*

With the maturity gained through 25 years of operations, along with the development strategy pursued in the last few years, ORPEA has entered a virtuous circle of development, strong growth in cash flow, and a firm grip on debt. The Group also has facilities with around 8,500 beds under construction and refurbishment, which provides another major source of growth.

We will maintain and step up this strategy in the next few years. In particular, there will be developments outside France, supported by the Group's proven expertise in providing specialist care for highly dependent people in a context of ageing populations."

Next press release: revenues for the 3rd quarter of 2013, 6 November 2013 before market opens

About ORPEA (www.orpea-corp.com)

Listed on Euronext Paris since April 2002 and a member of the Deferred Settlement Service, the ORPEA group is the leading European player in the Long-Term Care and Post-Acute Care sectors.
At 1st March 2013, the Group had a unique European network of 431 healthcare facilities with 40,374 beds (34,972 of them operational), including:

- 29,477 beds in France: 26,488 operational (including 2,334 being renovated) + 2,989 under construction, at 339 facilities,
- 10,897 beds in Europe (Spain, Belgium, Italy and Switzerland): 8,484 operational (including 912 being renovated) + 2,413 under construction, at 92 facilities.

Listed on Euronext Paris Compartment of NYSE Euronext
Member of the **MSCI Small Cap Europe**, **CAC Mid 60** and **SBF 120** indices - Member of the **SRD**
ISIN: FR0000184798 - Reuters: **ORP.PA** - Bloomberg: **ORP FP**

ORP LISTED NYSE EURONEXT

Investor Relations:

ORPEA

Yves Le Masne	Steve Grobet
CEO	Investor Relations Officer
	Tel: +33 (0)1 47 75 74 66
	Email: s.grobet@orpea.net

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

Media Relations:

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