ORPEA

LIFE GOES ON WITH US

STRONG PROFITABILITY IMPROVEMENT IN 2013

- **REVENUE *UP 12.5%* TO €1,608 MILLION**
- **RECURRING OPERATING PROFIT UP *17.1%* TO €227 MILLION**
- **NET PROFIT[1] *UP 20.5%* TO €117 MILLION**

2014 REVENUE TARGET RAISED TO €1,830 MILLION (14% INCREASE)

STRONG GROWTH IN THE NETWORK OVER 1 YEAR: INCREASE OF 4,922 BEDS

EUROPEAN NETWORK OF 45,296 BEDS, 460 FACILITIES

Puteaux, 26 March 2014

ORPEA, 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 financial year to 31 December 2013.

In €m (IFRS)	**2013**	**2012**	**▲%**
Revenues	**1,607.9**	1,429.3	*+12.5%*
EBITDAR (EBITDA before rents)	**433.2**	370.1	*+17.1%*
EBITDA	**298.0**	257.9	*+15.6%*
Recurring operating profit	**227.3**	194.4	*+16.9%*
Operating profit	**267.5**	221.3	*+20.9%*
Profit before tax[1]	**177.3**	148.5	*+19.4%*
Attributable net profit[1]	**116.9**	97.0	*+20.5%*

Attributable net profit came to €113.9 million after marking to market the right to the grant of shares embedded in the ORNANE.

[1] Excluding changes in the fair value of the right to the grant of shares embedded in the ORNANE
[2] The financial statements are currently being audited.

Commenting on these figures, Yves Le Masne, ORPEA's Chief Executive Officer, said: *"Maintaining its track record of 10 years of profitable growth, ORPEA again posted a first-class performance in 2013:*

- *solid business growth (12.5%);*
- *strong profitability improvement, with the EBIDTAR margin advancing by 100 basis points and net profit moving up 20.5% to €116.9 million;*
- *greater financial flexibility with a decline in net debt and an extension in the average maturity of its debt;*
- *a 4,922 bed increase in the network over the past 12 months, including a rise of 2,293 beds with the March 2014 acquisition of Senevita in Switzerland;*
- *a solid portfolio with wholly-owned properties worth €2.6 billion.*

Following the strategic acquisition of Senevita and given its larger growth pipeline representing 8,339 beds under construction and refurbishment, ORPEA has already lifted its 2014 revenue guidance to €1,830 million from the previously announced figure of €1,770 million, representing secure growth of 13.8% over the year. This brisk pace of growth will again be accompanied by robust margins and a tight grip on debt."

Further healthy improvements in profitability

Full-year 2013 revenues rose by 12.5% to €1,608 million on the back of brisk organic growth[3] (7.1%) and the contribution made by acquisitions, especially in international markets.

EBITDAR (EBITDA before rents) advanced by 17.1% to €433.2 million and accounted for 26.9% of revenues, which represents a 100 basis point improvement on the 2012 level. With mature facilities now accounting for a growing proportion (82%) of the network, the EBITDAR margin, the principal indicator of operating performance, has advanced by 240 basis points since 2010.

Rental expenses rose 20.5% to €135.2 million owing chiefly to the impact of divestments of buildings. At comparable structure, rents edged up by just 1.3% owing to the caps in place on the indexation of most leases.

EBITDA moved up 15.6% to €298 million. The EBITDA margin grew by 50 basis points to 18.5% over the past year.

Recurring operating profit accounted for 14.1% of revenues, which represents a 50 basis point improvement on the 2012 level despite the losses generated by the 1,800 beds that entered service during the year and the 2,336 beds under refurbishment.

Operating profit (EBIT) rose by 20.9% to €267.5 million. This reflected a non-recurring gain after tax of €40.2 million, compared with €26.9 million in 2012 owing in particular to the real estate disposals that are carried out every year.

The **net cost of debt** came to €90.1 million, representing an increase of 23.8% on 2012, excluding changes in the fair value of the right to the grant of shares (calculated based on ORPEA's share price) embedded in the ORNANE bonds issued in July 2013, which worked out at €4.9 million.

Attributable net profit for 2013 totalled €116.9 million (excluding changes in the fair value of the right to the grant of shares embedded in the ORNANE bonds), representing an increase of 20.5%.

[3] Organic growth reflects the following factors: 1. the growth in revenues (in period n vs. period n-1) of existing facilities as a result of changes in their occupancy rates and daily rates, 2. the growth in revenues (in period n vs. period n-1) of refurbished facilities or those with capacity increased during period n or n-1, and 3. Revenues generated in period n by facilities set up in period n or n-1. Organic growth includes the improvement in revenues recorded at recently-acquired facilities by comparison with the previous equivalent period.

Dividend of €0.70 per share proposed

In keeping with its policy of paying out around one-third of its net profit, the Board of Directors will propose paying out a dividend of €0.70 per share in respect of the 2013 financial year, compared with €0.60 in respect of the previous financial year at the Annual General Meeting on 25 June 2014.
The Group intends to continue pursuing this hybrid strategy, combining returns to shareholders with investments in future growth.

Real estate portfolio worth €2.6 billion

In line with its longstanding real estate strategy of combining wholly-owned and rented assets, ORPEA completed €230 million in asset disposals during 2013, exceeding its guidance of €200 million. The Group's real estate assets continue to attract investors on account of their risk/reward profile and so it has been able to secure good rent and indexation terms.

During the past year, the size of ORPEA's real estate portfolio grew by €109 million. At 31 December 2013, ORPEA's portfolio represented a developed area of 874,000 m^2 (on more than 1 million m^2 in land) consisting of 268 buildings (including 140 wholly-owned) with an aggregate value of €2,561 million[4]. The portfolio's value remained stable at comparable structure.

These new or recently completed buildings, which are of a high architectural quality and situated in strategic locations, give the Group considerable asset value, afford it great flexibility and financial security and also underpin its medium- and long-term profitability.

Reduction in debt and greater financial flexibility

Shareholders' equity, Group share totalled €1,412 million at 31 December 2013, compared with €1,214 million at 31 December 2012.

Net debt stood at €1,742 million[5], €122 million below its level at 30 June 2013. It is still mainly property-related (86%).
ORPEA still boasts substantial financial flexibility, with the decline in its debt ratios at 31 December 2013 to far below the maximum levels permitted by its covenants:

- financial leverage restated for real estate assets = 1.4x compared with 1.7x at year-end 2012 (authorised level of 5.5x);
- adjusted gearing = 1.1x compared with 1.2x at year-end 2012 (authorised level of 2.0x).

During 2013, the Group continued its efforts launched in 2012 to enhance its financial structure and completed private placements of bonds and an ORNANE issue. As a result:

- 45% of net debt consisted of non-bank debt at 31 December 2013, compared with 11% at year-end 2011;
- the average maturity of net debt rose to 5.8 years at year-end 2013 from 4.3 years at year-end 2011.

Debt was 95% hedged during the 2014-2018 period on highly attractive terms.

[4] Excluding the €210 million impact of assets held for sale
[5] Excluding €210 million in debt associated with assets held for sale

Network strengthened by close to 5,000 beds in 12 months

Over the past 12 months, the Group has actively pursued its strategy of selective expansion, both by securing new licences and extensions (chiefly in France and Belgium) and through selective acquisitions, such as the March 2014 deal for the Senevita Group in Switzerland.
As a result of this strategy, the Group has added 4,922 beds to its network (2,293 beds thanks to Senevita) in the past 12 months.

To date, the network comprises 45,296 beds in 460 facilities, breaking down as follows:

	TOTAL	France	Spain	Belgium	Italy	Switzerland
Beds in operation	39,293	29,474	2,649	4,702	1,121	1,347
o/w beds under refurbishment	*2,336*	*1,582*	*0*	*694*	*60*	*0*
Beds under construction	6,003	2,397	0	2,063	432	1,111
Total number of beds	**45,296**	**31,871**	**2,649**	**6,765**	**1,553**	**2,458**
Number of facilities	**460**	**345**	**19**	**58**	**15**	**23**

Accordingly, ORPEA still boasts the greatest growth pipeline in the sector, with 8,339 beds under refurbishment or under construction.

ORPEA has demonstrated its determination to bolster its international presence, with the 13,425 beds outside France now accounting for 30% of its network and 52% of its growth pipeline.

China: first development project given the go-ahead

ORPEA has signed a preliminary agreement with the public development company in the City of Nanjing and the Gulou hospital to develop a 180-bed nursing home. Nanjing is a rapidly expanding city with a population of 8 million people, 10% of whom are aged over 65. The project lies in a recently developed residential district on the site of the prestigious Gulou hospital, which has 10,000 beds on several sites.

Strategy and outlook

ORPEA intends to continue pursuing its strategy of accelerating its international expansion focused firmly on value creation:

- in the countries where it already has a presence by building new facilities and by making selective acquisitions;
- in China, by creating new facilities to a high standard of quality located at the heart of major cities. Certain new projects are likely to get the go-ahead very rapidly, and the Group is getting its operational organisation ready for these forthcoming additions;
- in new countries with substantial demand or fragmented supply, through acquisitions.

Doctor Jean-Claude Marian, Chairman of ORPEA, concluded: *"2013 was the beginning of a significant new chapter in the Group's history with the purchase by CPPIB of a 15.9% stake in ORPEA's capital, making it a major new long-term shareholder underpinning the strength of Group's position and its expansion potential.*

ORPEA has also continued to deliver profitable growth, while contributing to the wealth of regional economies through its active policy of job creation.

Since the beginning of 2014, ORPEA has signalled this new phase in its development by acquiring Senevita.
This deal underpins ORPEA's strategy of stepping up the pace of its international expansion.

Everything is now in place for the Group to achieve this objective, since it boasts:
- *proven expertise in creating and integrating very high-quality psychiatric and long-term care facilities ensuring the well-being of residents and patients;*
- *recognised know-how in developing a range of long-term care solutions geared to the needs of the elderly and their relatives;*
- *a loyal and experienced management team;*
- *greater financial strength and flexibility.*

With a growth pipeline of 8,339 beds under development and a proven ability to generate new projects, the Group boasts impressive growth potential."

Next press release: Q1 2014 revenues
30 April 2014 before the market opens

About ORPEA (www.orpea-corp.com)

Listed on Euronext Paris since April 2002 and a member of the Deferred Settlement Service, ORPEA is a European leader in integrated Long-Term Care and Post-Acute Care. At 1 March 2014, the Group had a unique network of 460 healthcare facilities, with 45,296 beds (39,293 of them operational), including:
- 31,871 beds in France (3,979 beds under refurbishment or construction) at 345 facilities
- 13,425 beds in the rest of Europe (Spain, Belgium, Italy and Switzerland) at 115 facilities (4,360 beds under refurbishment or construction)

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

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