COVID-19 VACCINATION CAMPAIGN: 80% OF RESIDENTS VACCINATED

2020: growth in activity and Resilient profitability

- REVENUE: €3,922 MILLION (+4.9%)
- EBITDA: €926,5 MILLION (-2.4%)

AN EXPANDING GROWTH PIPELINE: +8,769 BEDS IN 2020

- PIPELINE OF BEDS UNDER CONSTRUCTION OF MORE THAN 25,000 BEDS
- NETWORK OF MORE THAN 111,000 BEDS IN 23 COUNTRIES

STRONG INCREASE IN REAL-ESTATE PORTFOLIO VALUATION (+€789 MILLION)

- PORTFOLIO VALUATION AT €6.8 BILLION

2021 REVENUE GROWTH TARGET: AT LEAST +6%

- > €4,155 MILLION

Puteaux, 16 March 2021 (6:00 pm CET)

The ORPEA Group, world leader in long-term care (nursing homes, post-acute and rehabilitation and hospitals and mental health facilities, and home care services) today announced its consolidated results for the 2020 financial year[1], ended on 31 December, which release has been approved by the Board of Directors on 16 March 2021.

Management of Covid-19: major improvement in the sanitary situation across all Group facilities thanks to the success of the vaccination campaign

The Covid-19 vaccination campaign, which is scheduled to be completed across all countries in which the Group operates by the beginning of April, coupled with the strong commitment of our teams, has improved the sanitary situation within the ORPEA network.
At 15 March 2021, 80% of residents and 44% of employees had been vaccinated. Thanks to the success of these vaccinations, the number of positive cases has decreased considerably and currently represents less than 1% of the Group's residents. More than 90% of the Group's nursing homes thus currently have no positive cases of Covid-19.

Although the teams remain highly cautious and strict barrier measures remain in place, the social life within each facility, which is of utmost importance is gradually returning to normal: meals at the restaurant, family visits, events and entertainment, authorisations to leave the premises. ORPEA is providing customised solutions in each region and each facility according to regulatory requirements and the local public health context.

As has been the case each year for 20 years, ORPEA has carried out an annual satisfaction survey among the residents of nursing homes and their families worldwide: 50,000 questionnaires were issued and the rate of response was 56%, a high level considering the pandemic. Thanks to the unprecedented commitment of employees during the past year of this public health crisis, the satisfaction and recommendation rates have improved: reaching 92.5% (+0.2pt) and 95.1% (+1.2pts) respectively.

[1] The 2020 financial statements are currently being audited.

2020 results demonstrate the Group's resilience in an unprecedented context

Results for 2020 are presented in accordance with IFRS standards, including IFRS 16.

In €m (IFRS)	**2020**	2019	*Change*
Revenue	**3,922.4**	3,740.2	*+4.9%*
EBITDAR (EBITDA before rental expenses)	**963.0**	982.5	*-2.0%*
EBITDA	**926.5**	949.4	*-2.4%*
Recurring operating profit	**422.9**	503.7	*-16.0%*
Net interest expense	**-256.7**	-215.0	*+19.4%*
Profit before tax	**210.3**	325.7	*-35.4%*
Net profit attributable to Group's shareholders	**160.0**	233.8	*-31.6%*

Revenue for 2020 was up +4.9% to €3,922.4 million, driven by good external growth momentum in Ireland (TLC Group) and France (Clinipsy, Sinoué). Moreover, the recovery in organic growth during H2 offset the slight slowdown in growth seen during H1.

EBITDAR (EBITDA before rental expenses) recorded a limited decline of 2% over the year as a whole, to €963 million representing a margin of 24.6%, versus 26.3% in 2019, marking a limited 170 bp decrease against a backdrop of a global pandemic.
The gross cost of Covid-19 over 2020 was €259 million (loss of business, additional costs relating to personal protective equipment and staff bonuses), and the net cost €101 million, taking into account compensation received. This compensation is recognised as recurring profit, either mainly under other income for compensation relating to loss of activity or as a reduction in expenses for compensation for additional costs.
H2 2020 was characterised by a marked increase in profitability, with an EBITDAR margin that improved by 150 bp to 25.3% versus 23.8% during H1, thanks to the upturn in business, mainly in post-acute and rehabilitation hospitals and mental health facilities. Central Europe and Eastern Europe enjoyed a strong improvement in profitability during H2, whereas the Iberian Peninsula and Latam continued to be affected by the scale of the pandemic in Spain during H1.

EBITDA declined by a limited 2.4% to €926.5 million, representing a margin of 23.6% (vs 23.1% during H1 2020).

Recurring operating profit stood at €422.9 million (-16%) after depreciation, amortisation and charges to provisions of €503.7 million (+13%) with the level of amortisation and depreciation reflecting the growth of the real-estate portfolio held by the Group.

Net non-recurring gains were €44.1 million compared with €37.0 million in 2019 (+19.2%).

The net interest expense reached €256.7 million (+19.4%), with this increase mainly driven by a non-cash element relating to provisions for interest rate hedging due to an environment of sustained negative interest rates during 2020.

Against a backdrop of the global public health crisis that impacted both levels of activity and operating expenses, net profit attributable to Group's shareholders reached €160 million (-31.6%). Excluding IFRS 16, 2020 net profit stood at €174 million, representing a decline of 29% compared to 2019.

Proposed dividend distribution of €0.90 per share

In 2020, faced with an unprecedented situation, ORPEA was one of the first groups to propose a dividend suspension in solidarity with all stakeholders. This proposal was almost unanimously approved (99%) by shareholders during the Annual General Meeting.

Faced with the prospect of an improvement in the public health situation, the Board of Directors, will propose, at the 24 June 2021 Annual General Meeting, that shareholders approve the distribution of a dividend of €0.90 per share, entirely paid in cash, with respect to the 2020 financial year. This amount implies a pay-out ratio of 36%, allowing the Group to maintain its investment capacity to improve and develop its network of facilities.

Significant growth in the real-estate portfolio to €6.8 billion

At 31 December 2020, the Group's real-estate portfolio was valued at €6,806 million[2] and had a total surface area of more than 2.2 million sqm.

This significant improvement of €789 million (+13%) compared to 2019 was driven by:

- the revaluation (+€406 million) of all existing real estate (as opposed to one third of the portfolio every three years) by independent experts Cushman & Wakefield and JLL. This assessment points to a capitalisation rate of 5.3% (vs 5.7% in 2019) that reflects changes to market conditions, but which nonetheless remain conservative in terms of recent transactions of assets falling within the same category;
- the continuation of developments associated with the ownership of new buildings in prime locations, notably with the acquisition of buildings in Ireland, Germany and the Netherlands (+€615 million);
- the disposal of facilities (-€232 million), in line with the arbitrage strategy announced by the Group at the end of 2019.

As the public health crisis has demonstrated the resilience of occupancy rates at healthcare facilities, the Group's buildings continue to attract an increasing number of international real-estate investors, under conditions that remain very attractive in terms of yield, the indexation of rental income and lease terms. The Group has thus received commitments of more than €2 billion for its 2021-2025 disposal programme.

ORPEA therefore now owns 47% of its facilities, which is in line with the medium-term ownership rate objective of 50%.

Financial structure strengthened further in 2020

In 2020, ORPEA continued to actively strengthen its financing capacity, with new bank financing and non-banking transactions (Schuldschein and Euro PP for almost €500 million), of which part in long-term maturities (12 and 15 years), as well as a Private Placement indexed to extra-financial impact criteria.

Net financial debt stood at €6,103 million[3] at 31 December 2020, compared with €5,958 million at 30 June 2020, a very modest increase considering the level of investments, both in real estate and operating assets.

The share of real estate debt reached 87%, compared with 85% at 31 December 2019. Debt ratios restated for IFRS 16, used by the Group's financial partners, remain well below their covenants, with financial leverage restated for real estate assets at 3.4 (5.5 authorised) and stable restated gearing compared with 2019 at 1.6 (2.0 authorised). The Group therefore has good financial leeway to execute its growth strategy.

Borrowing cost (including hedging costs) stood at 2.4%, a 30 bp decrease compared to 2019. Net debt is still fully hedged against the risk of an increase in interest rates.

Further sustained growth for the network in 2020: +8,769 new beds in just one year

At 31 December 2020, the ORPEA network extended across 23 countries, with 111,801 beds in 1,114 facilities, thanks to a sustained pace of growth despite the Covid-19 pandemic.

Indeed, following an already steady increase of almost 8,000 beds in 2019, the Group continued its development policy by increasing its network by 8,769 new beds (+8%) in 2020:

- +5,808 beds (i.e. 66% of the increase) through the creation of facilities across all geographical regions, in particular in France, Germany, Portugal and Mexico;
- +2,961 beds through external growth, via the acquisition of groups (Sinoué and Clinipsy in France, TLC and Brindley in Ireland) and independent facilities.

[2] Excluding the impact of €490 million of real-estate assets held for sale as of 31.12.20
[3] Excluding €550 million and €400 million in debt associated with assets held for sale at 31.12.2020 and 31.12. 2019 respectively.

The growth pipeline, consisting exclusively of beds under construction, posted growth in excess of 20% over 12 months to reach a record level of 25,403 beds. This marked improvement, for the third consecutive year, underlines the Group's long-term growth momentum, which remains unchanged despite the unprecedented context of the public health crisis. This growth pipeline will allow the Group to guarantee secure, sustainable and strong organic growth for the next five years.

	Number of sites	Beds in service	Beds under construction	Number of beds	Change in 12 months
France Benelux	**572**	**42,540**	**5,366**	**47,906**	***+3,838***
France	372	32,673	3,543	36,216	*+2,193*
Netherlands	116	1,676	1,168	2,844	*+583*
Belgium	71	7230	268	7,498	*79*
Luxembourg	2	0	365	365	*+0*
Ireland	11	961	22	983	*+983*
Central Europe	**261**	**22,148**	**5,828**	**27,976**	***+1,485***
Germany	191	17,105	3,452	20,557	*+974*
Italy	30	1,977	1,518	3,495	*+266*
Switzerland	40	3,066	858	3,924	*+245*
Eastern Europe	**142**	**11,154**	**4,101**	**15,255**	***+836***
Austria	87	7,041	954	7,995	*+180*
Poland	23	1,190	1,696	2,886	*+0*
Czech Rep.	20	2,044	784	2,828	*+103*
Slovenia	9	551	467	1,018	*+225*
Latvia	1	202		202	*+202*
Croatia	1	126		126	*+126*
Russia	1		200	200	*+0*
Iberia and Latin America	**137**	**10,416**	**9,723**	**20,139**	***+2,225***
Spain	66	8,992	2,339	11,331	*+254*
Portugal	37	728	3,336	4,064	*+956*
Brazil	22	471	2,487	2,958	*+206*
Uruguay	3	100	209	309	*-17*
Colombia	4	0	641	641	*+320*
Mexico	5	125	711	836	*+506*
Other country	**2**	**140**	**385**	**525**	***+385***
China	2	140	385	525	*+385*
Total Group	**1,114**	**86,398**	**25,403**	**111,801**	**8,769**

Major developments and investments in training

ORPEA's employees are key to the Group's success and a major stakeholder within the CSR commitments of the Group. Achieving sustainable growth requires the implementation of an innovative and differentiating Human Resources strategy that meets three fundamental challenges - recruitment, training and loyalty.

In terms of recruitment, ORPEA uses all the means available to increase the visibility and attractiveness of its employer brand, while diversifying its sources:

- strengthening its social media presence to better promote its professions and careers,
- the digitalisation of HR processes, which has already achieved tangible results with, for example, 5,000 unsolicited job applications received in France and Germany,
- partnerships with non-profit organisations to attract new profiles: "Nos quartiers ont du talent", "Rev'elles ton Potentiel", "Viens Voir Mon Taf",
- the development of Open Innovation through partnerships with start-ups such as *Hublo*, a digital solution for the management of replacement care staff which already has more than 9,000 candidates registered in its database for ORPEA.

ORPEA has always considered training to be a cornerstone of its HR development policy to enable all employees, regardless of their position, to advance in their careers with no “glass ceiling”. The Group has thus introduced major new initiatives in this area:

- the development of internal schools, for example in France that now has two schools for carers capable of accepting 250 candidates each year;
- the acquisition of EMG Akademie, the leading nursing and care school in Austria, associated with the construction of a campus covering all Care-related courses, with a capacity of over 500 students;
- an acceleration in the Validation of Prior Experience (VAE) programme: more than 600 nursing assistants will be able to become carers in just two years;
- partnerships with prestigious universities to create University Degrees specific to ORPEA’s fields of expertise: Degree in Psychiatric Nursing, Degree in Hygiene, Degree in Troubled Teens, etc.

The Group will continue to invest in its HR development strategy to reinforce its attractiveness, attract and retain more talent, and promote the personal and professional development of its employees which is a key factor in terms of competitiveness for ORPEA.

Strategy and outlook

In 2021, the Group will remain extremely cautious in terms of the public health situation and will continue to implement all of its resources and know-how to protect its residents, patients and employees and strengthen its relationship with and the well-being of all its stakeholders. The Group has set the following objectives:

- continue to grow in its five geographical areas across all professions in long-term physical and mental health care, through targeted acquisitions and new facility construction projects;
- open 4,055 new beds from the growth pipeline;
- revenue growth above 6% (> €4,155 million)
- real-estate disposals of €400-500 million, in line with its strategy of owning around 50% of its property portfolio;
- roll out its CSR roadmap with 2023 objectives focused on its five stakeholders: Residents, Patients & Families, Employees, Partners, Environment, Society & Community.

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

“2020 was an unprecedented year in the scale and duration of the global pandemic, but ORPEA, thanks to the commitment of its 68,000 employees, who I would like to once again thank for their unwavering commitment, was able to demonstrate its ability to adapt and resist. ORPEA thus posted revenue growth of close to 5%, EBITDAR in slight decline of 2% compared to 2019 and net profit of €160 million (€174 million restated for IFRS 16, -29%).

While remaining highly cautious to protect our residents and patients, we are reasonably confident that the public health situation will gradually return to normal, thanks in particular to the success of the vaccination campaign.

In 2021, we will continue to broaden our CSR commitments, notably by investing in the development, training and well-being of our employees so that they are happy and proud to work, each day, in a profession that has never been so useful and essential to our society.

Lastly, the Group is confident in its ability to continue its sustained global growth focused, as always, on value creation through new acquisitions and the construction of new health facilities."

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 1,114 facilities comprising 111,801 beds (25,403 of which are under construction) across 23 countries, which are divided into five geographical regions:

- France Benelux: 572 facilities/47,906 beds (of which 5,366 are under construction)
- Central Europe: 261 facilities/27,976 beds (of which 5,828 are under construction)
- Eastern Europe: 142 facilities/15,255 beds (of which 4,101 are under construction)
- Iberian Peninsula/Latin America: 137 facilities/20,139 beds (of which 9,723 are under construction)
- Rest of the world: 2 facilities / 525 beds (of which 285 under construction)

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.

Next press release: Q1 2021 revenue
4 May 2021 after market close

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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
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

Consolidated income statement (Audit in progress)

In €m	2020	2019	2020 Restated IFRS 16	2019 Restated IFRS 16
Revenue	**3,922.3**	**3,740.2**	**3,922.3**	**3,740.2**
Purchases used and other external expenses	-712.3	-685.6	-718.4	-685.6
Staff costs	-2,210.3	-1,978.1	-2,210.3	-1,978.1
Taxes other than on income	-135.5	-129.2	-135.5	-129.2
Depreciation, amortisation and charges to provisions	-503.6	-445.7	-233.4	-198.5
Rents	-36.5	-33.1	-354.0	-331.4
Other recurring operating income and expenses	98.8	35.1	98.8	35.1
Recurring operating profit	**422.9**	**503.7**	**369.5**	**452.5**
Other non-recurring operating income and expenses	44.1	37	43.5	36.2
Net interest expense	-256.7	-215.0	-184.0	-147.9
Profit before tax	**210.3**	**325.7**	**228.9**	**340.8**
Income tax expense	-52.6	-98.6	-56.9	-101.6
Share in profit/(loss) of associates and joint ventures	2.3	6.7	2.3	6.7
Net profit attributable to ORPEA's shareholders	**160.0**	**233.8**	174.3	245.9

Consolidated balance sheet (Audit in progress)

In €m	31-dec-20	31-dec-19
Non-current assets	**14,398**	**12,440**
Goodwill	1,489	1,299
Intangible assets	2,881	2,469
Property, plant and equipment and properties under development	6,806	6,017
Right of use assets	2,817	2,334
Other non-current assets	405	321
Current assets	**1,944**	**1,699**
Cash and short-term investments	*889*	*839*
Assets held for sale	**550**	**400**
TOTAL ASSETS	**16,892**	**14,539**
Equity attributable to ORPEA's shareholders and deferred taxes available indefinitely	**3,949**	**3,513**
Equity attributable to ORPEA's shareholders	3,374	3,014
Deferred taxes available indefinitely on operating intangible assets	576	499
Non-controlling interests	**-5**	**-3**
Non-current liabilities	**9,998**	**8,849**
Other deferred tax liabilities	625	529
Provisions for liabilities and charges	191	199
Non-current liabilities	6,462	5,859
Lease commitments	2,720	2,262
Current liabilities	**2,399**	**1,780**
o/w current financial liabilities (bridge loans and real-estate porting)	*530*	*515*
Liabilities associated with assets held for sale	**550**	**400**
TOTAL EQUITY AND LIABILITIES	**16,892**	**14,539**

Cash flows (Audit in progress)

In €m	2020	2019
Net cash from operating activities	**440**	**487**
Investments in construction projects	-427	-375
Acquisitions of real-estate	-324	-343
Disposals of real-estate	232	16
Net operating investments and equity investments	-488	-276
Net cash generated/(used) by investing activities	**-1,007**	**-978**
Net cash generated/(used) by financing activities	**617**	**562**
Change in cash over the period	50	71
Cash at end of period	**889**	**839**