PRESS RELEASE

2008: further buoyant and solid growth in results guaranteeing future development

- **Revenue: +29.0%**
- **Recurring operating profit: +30.7%**
- **Net profit : €48.4m**

Puteaux, 8th April 2009

ORPEA, a leading player in Long-Term Care (nursing homes), Post-Acute Care and Psychiatric Care, today announced its consolidated results[1] for the financial year to 31st December 2008.

€m IFRS	2008	2007	▲%
Revenue	**702.3**	544.6	*+29.0%*
EBITDAR (EBITDA before rents)[2]	**168.8**	132.9	*+27.0%*
EBITDA[2]	**124.3**	95.8	*+29.7%*
Recurring operating profit	**95.0**	72.7	*+30.7%*
Operating profit	**107.4**	82.0	*+31.0%*
Net profit	**48.4**	41.2	*+17.5%*

[2] Includes provisions associated with External Charges and Personnel Costs

- **Results continue to record buoyant growth**

Yves Le Masne, Chief Operating Officer, comments: "*The excellent performances recorded in 2008, both in terms of the growth in activity and in terms of the improvement in operating profitability, illustrate the robustness of ORPEA's business model, as well as its independence relative to the economic and financial environment. The Group possesses the fundamentals that are necessary to pursue its development strategy and to tackle the future serenely. Thus, following a high level of investment over the first half of 2008, over the second half the Group reduced its main debt ratio whilst strengthening its network of facilities by almost 4,000 beds over the year.*"

[1] Unaudited

The recurring operating margin improves to 13.5%

For the fourth year in a row, **revenue** grew by close to 30%, reaching €702.3m. The pursuance of this momentum is the result of organic growth that was even more buoyant than in 2007 (+13.4%) and external growth that remains strong but selective.

EBITDAR (EBITDA before rents) totalled €168.8m, up +27%.
Within a context of buoyant development, the Group kept operating costs under control. The Group combines a dynamic human resources policy, which values training and career management, with control over its personnel costs, which rose in line with revenue, gaining 28.9%.

Recurring **EBITDA** rose by +29.7% to €124.5m, confirming the pertinence of ORPEA's real-estate strategy that consists in retaining ownership of half of its real estate.

The **Recurring operating margin** increased to 13.5%, from 13.3% in 2007, within a context where a third of the network is currently either being renovated or under construction, which generates a negative margin. Over the 2nd half, the margin reached 13.7%, versus 13.1% over the first half, reflecting the upramping in the profitability of international activities.

Operating profit (EBIT), including non-recurrent profit of €12.4m in 2008 versus €9.3m in 2007, was up +31% at €107.4m.

The net cost of financial debt was €41.9m, due to the high level of investment and the increase in interest rates on the non-hedged portion of debt, versus €24.8m in 2007, a figure that included a €5m profit on financial instruments.

All in all, 2008 **net profit** was up +17.5% at €48.4m.

Sound real estate assets

In 2008, the Group completed the construction of 10 building complexes and acquired 9 others.

These new buildings further strengthen the Group's real estate assets that are developed on the basis of selective criteria:
- Preferential locations, generally in the centre of cities such as Paris, Lyon or Marseille;
- Quality buildings, new or very recent;
- Optimal architectural design.

At end-2008, the Group's real-estate assets consisted of 156 buildings, 57 of them part owned, representing a constructed surface area of 500,000 m^2 (out of close to a million square meters of land). These real-estate assets are valued at €1,174m, to which should be added a further €350m for buildings under construction or being renovated, as well as land.

The quality of these real-estate assets, combined with the long-term profitability in activity that guarantees the payment of rents, facilitates the policy of arbitrage between ownership and outsourcing.
This real-estate policy, on which the Group's success has been built in recent years, consists in retaining ownership of around a half of its network in order to increase its operating profitability, to maintain control over its work tool and to increase its Enterprise Value.

Development capacities maintained

At 31st December 2008, shareholders' equity stood at €540m, versus €500.6m at 31st December 2007.
Net financial debt recorded a limited increase (+9.6%) compared to the figure at 30th June 2008, totalling €1,230m at 31st December 2008. The change over the last six months exclusively concerns leasing or long-term debt backed by real estate.
81% of this debt is real-estate debt consisting of long-term loans and leasing.

75% of this debt is hedged against possible interest rate changes, as ORPEA has always favoured very cautious financial management.

Given the substantial increase in EBITDA, the Group's main debt ratio has improved compared to 30th June 2008:

- Financial leverage: 3.68, versus 4.41 and an authorised limit of 5.5;
- Restated gearing: 1.75, versus 1.64 and an authorised limit of 2.3.

The Group's ability to finance its future development therefore remains intact, and its financial flexibility should even continue to increase in 2009.

Objectives and outlook

ORPEA will pursue its development by intensifying the creation of facilities via the granting of authorisations that creates substantial value and allows the Group to obtain structures that are perfectly in line with new Dependency Care requirements.
The pace of new facility openings will continue in 2009, with the opening of around 1,200 beds.

Acquisitions will also continue, whilst strictly meeting the rigorous criteria defined by the Group in terms of quality and long-term profitability.
Lastly, internationally, ORPEA is optimising its development, and its priority is to reach a satisfactory level of profitability.

ORPEA is confidently reaffirming its guidance of 2009 revenue of €820m, 2011 revenue of over a billion euros and a further improvement in profit and cash flow.

Dr. Jean-Claude Marian, Chairman and CEO, concludes: "*Faced with a turbulent economic and financial environment, the Group's remarkable 2008 performances reflect not only the solidity of its business model, but also the pertinence of the strategic choices implemented over recent years:*

- *Development combining targeted acquisitions and the granting of authorisations in order to favour the creation of value over a race for size;*
- *Centralisation of administrative and sourcing departments thanks to the strategic role of the Head Office to optimise the Quality of our facilities;*
- *Internalisation of development, engineering and construction departments;*
- *Ownership of 50% of our real-estate.*

Backed by these characteristics, by the acknowledged dynamism and professionalism of our 15,000 members of staff and by the substantial need for dependency care, ORPEA has unique visibility on its profitable growth, its cash flow and its development potential for 2009 and well beyond."

Next Press Release:
Revenue for the first quarter of 2009: 6th May 2009 before market

About ORPEA (www.orpea.com**)**: Listed on Euronext Paris since April 2002 and recently promoted to the Deferred Settlement Service, the ORPEA group is a leading player in the Long-Term Care and Post-Acute Care sectors. As of 1st March 2009, the Group has a unique European network of healthcare facilities, with 25,019 beds (20,540 of them operational) across 266 sites, including:

- 19,958 beds in France: 16,474 operational (including 2,774 being renovated) + 3,484 under construction, spread across 219 sites.
- 5,061 beds in Europe (Spain, Belgium, Italy and Switzerland): 4,066 operational (including 535 being renovated) + 995 under construction, spread across 47 sites.

Listed on Euronext Paris Compartment B of NYSE Euronext - ISIN: FR0000184798
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Reuters: ORP.PA - Bloomberg: ORP FP

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