

PRESS RELEASE

STRONG INCREASE IN 2006 ANNUAL RESULTS

- **Sales: +34.0%**
- **EBITDA: +32.8%**
- **Net profit: €32.4m**

Puteaux, 25th April 2007: the ORPEA group, a leading player in long-term care (nursing homes), post-acute care and psychiatric care, today announced its consolidated annual results¹ for the financial year to 31st December 2006.

	In €m IFRS	2006	2005	▲%
Sales		414.9	309.6	+34.0%
EBITDA		76.5	57.6	+32.8%
Recurring operating profit		57.2	43.8	+30.6%
Net profit		32.4	23.6 ⁽²⁾	+37.3%

⁽²⁾ *Excluding the capital gain from the sale of the Medidep stake + Medidep 2005 results on Equity method*

□ **Further significant increase in all annual results**

Yves Le Masne, the Group's CFO, commented: "*Whilst maintaining buoyant development in France and elsewhere in Europe over the last 18 months (authorisations and acquisitions of close to 6,000 beds), ORPEA recorded a further significant improvement in all of its activity and profitability indicators in 2006. The increase of 30.6% in recurring operating profit illustrates the solidity of ORPEA's business model and confirms the strategic choices regarding the management of the property assets.*"

¹ Pending certification

□ **Operating margin: 13.8%**

EBITDA grew by 32.8%, thanks to efficient operating cost control, proving the efficiency of centralised management (purchases growth was contained to 31.3%). This positive performance can also be explained by ORPEA's strategic choice to remain the owner of a large number of its buildings, thus allowing the Group to limit the impact of rent increases. The recurring operating margin for the full year was 13.8%, compared to 13.5% for the first half. This holding up of the margin was achieved despite a context of substantial development, with almost 30% of beds undergoing renovation or under construction, which weighs on profitability in the short term, but will be a major source of growth in coming years. 2005 operating profit and net profit included a share of Medidep's results in the first half, as well as the capital gain from the sale of the Medidep stake, making any direct comparison with 2006 non significant. Excluding this non-recurrent factor, 2006 net profit recorded an increase of 37.3% to €32.4m, notably thanks to a reduction in the cost of the financial debt.

□ **Property, a strategic asset for the Group**

At 31st December 2006, the ORPEA group owned 296 000 sqm of property, corresponding to 58 fully owned buildings and 47 partly owned buildings with a book value of €428m and with a residual debt of €202m. These property assets are mainly new or recently renovated, and situated in high-quality geographical locations.

Yves Le Masne added: "*Property remains a strategic asset that contributes to the continuous improvement in the Group's profitability by protecting it from rent increases. It also enables ORPEA to offer its patients and residents high-quality accommodations. These property assets are very liquid, as they can easily be disposed of or outsourced either in part or in full. ORPEA intends to pursue its strategy of optimising its assets between renting and ownership.*"

□ **Operating financial structure optimised for development**

At 31st December 2006, Group shareholders equity amounted to €260.9m.

Financial debt totalled €554.5m, divided as follows:

- for 74%, property asset financing
- for 26%, funding of the acquired operating structures.

A restatement of financial ratios, set up in partnership with the banking pool and consisting in restating property with simple rental leases, gives the following results:

- Restated gearing: 1.6 (restated financial debt over shareholders equity, including quasi shareholders equity)
- Restated financial: 2.6 (restated financial debt over restated EBITDA)

ORPEA's financial capacity to pursue its operational development in the short, medium and long term thus remains intact; these financial ratios stand significantly lower than the limits agreed with the banking pool.

□ 2007 targets

With a European network of 18,014 beds:

- 14,790 beds that are operational (including 1,814 being renovated)
- 3,224 beds under construction

ORPEA enjoys a very high long-term visibility with a permanent growth reservoir, currently amounting to about 5,000 beds. The opening of new facilities that meet ORPEA's standards of quality – in terms of both permanent care and temporary care – will continue in 2007.

For FY 2007, ORPEA anticipates further growth in activity, thus comforting the Group's sales target of €520m.

□ Development outlook

Over the last 2 years, ORPEA has accelerated its development by opening or taking over 65 new facilities, and successfully integrating them within its business model, which guarantees quality of life and wellbeing for its residents and patients, as well as the creation of value. Thanks to this well-tried method and a healthy financial structure, the ORPEA group intends to actively pursue its development strategy in permanent and temporary care, in France and elsewhere in Europe, notably in countries in which the Group is already implemented such as Belgium, Italy and Spain. This development meets major demographic requirements in terms of care for dependent people, in a sector that remains very fragmented at European level.

Dr Jean-Claude Marian M.D., the Group's Chairman and CEO, concluded: *"ORPEA has become a major European player in care for dependent people, currently possessing some 30 facilities outside France. Its know-how in terms of an innovative quality approach is now recognised and acknowledged. Indeed, after being granted the Quality Award at the French Senate by "Quotidien du Médecin" and "Décision Santé", within the framework of the "Management des Ressources Humaines en Santé" (HR management in the health sector), ORPEA has recently been selected following a European Commission study to examine the circumstances that can trigger behavioural problems amongst patients suffering from Alzheimer's and similar illnesses.*

In the coming years, the Group will continue to expand its French and European network via both organic growth and external growth, whilst respecting its criteria in terms of the quality of life and wellbeing of its residents and patients, of creation of value, and of the valorisation of its property assets. ORPEA also intends to pursue its action aiming at associating the contribution of each employee to the Group's success, as it already did, at the beginning of 2007 by distributing 32,000 free shares to 3,000 members of its personnel"

**Next press release: Q1 sales
9th May 2007 before market opening**

About ORPEA (www.orpea-corp.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. The Group has a unique network of healthcare facilities, with 18 014 beds (14 790 of them operational) across 193 sites at 1st March 2007, including:

- 14 053 beds: 11 446 operational (including 994 being renovated) + 2 607 under construction, spread across 150 sites for long-term care (nursing homes),
- 3 961 beds: 3 344 operational (including 820 being renovated) + 617 under construction, spread across 43 sites for post-acute care (medium-term clinics and psychiatry).

Listed on Eurolist Compartment A of Euronext Paris - ISIN: FR0000184798
Member of the SBF 120 index
Reuters: **ORP.PA** - Bloomberg: **ORP FP**



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