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STRONG GROWTH IN 2018 HALF-YEAR RESULTS

- **REVENUE UP 10.0% TO €1,679M**
- **EBITDA UP 11.9% TO €290M**
- **€302M INCREASE IN REAL ESTATE PORTFOLIO TO €5.3BN**

POSITION STRENGTHENED IN THE NETHERLANDS

- **ACQUISITION OF ALLERZORG AND SEPTEMBER**

2018 GUIDANCE REITERATED

- **REVENUES OF OVER €3,400M**
- **EBITDA MARGIN HIGHER OR EQUAL TO ITS 2017 LEVEL**

Puteaux, 25 September 2018 (6:30pm CEST)

The ORPEA group, a world leader in long-term care (nursing homes, post-acute and rehabilitation hospitals, psychiatric hospitals, and homecare services), today announces its consolidated results (limited review in progress) for the first half of 2018 (six months to 30 June), as approved by the Board of Directors on 25 September 2018.

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

"ORPEA continued to deliver a strong and profitable growth in the first half of the year while accelerating its international expansion.

All key indicators were up:

- *revenue rose 10%*
- *EBITDA margin improved by 20bp to 17.2%*
- *real estate portfolio grew by €302m to over €5.3bn, representing an ownership rate of 47%*

This constant performance, maintained for over 25 years now, is underpinned by the strict Quality policy ensured by ORPEA in every country where the Group operates.

During the first half, ORPEA expanded in the Netherlands, Brazil and Portugal through a combination of Greenfields and acquisitions.

ORPEA confidently reiterates revenue of over €3,400m for 2018 (an 8.3% increase on 2017), and EBITDA margin higher or equal to 2017.
This profitable growth will carry on for the next few years as a large part of it has already been secured by our growth pipeline of more than 13,000 beds under construction and by the selective acquisition opportunities that have opened up for us."

High-quality care still the cornerstone of ORPEA's offering

ORPEA wishes to emphasise that the quality of the care and services it provides has always formed the cornerstone of its offering. Its Quality programme, made up of protocols and procedures that cover every aspect of its business, apply to all its facilities and has largely contributed to ORPEA enduring financial strength over the past 25 years. As an example, each Group facility underwent 37 inspections covering more than 400 criteria during 2017.

Each year, ORPEA cares for over 250,000 residents and patients within its facilities. The satisfaction rate (based on anonymous surveys performed by an independent organisation) reached 93% in 2017, and the Group relentlessly pursues all possible areas of improvement to provide the most suitable care and support for everyone.

ORPEA regards the training and internal promotion of its 54,000 employees as key pillars underpinning the quality of care it provides. To that end, ORPEA has devised a policy that aims to develop their talents and forged over 200 partnerships with renowned training schools, as well as running its own training institutes in France, Germany, Switzerland and Austria.

Healthy growth in half-year 2018 results

(€ m) (IFRS)	**H1 2018**	**H1 2017**	*Chg.*
Revenue	**1,679.0**	1,525.7	*+10.0%*
EBITDAR (EBITDA before rents)	**440.2**	406.6	*+8.3%*
EBITDA	**289.6**	258.8	*+11.9%*
Recurring operating profit	**201.9**	188.0	*+7.4%*
Net financial cost	**-65.2**	-66.7	*-2.4%*
Profit before tax	**152.8**	135.0	*+13.1%*
Net profit attributable to ORPEA's shareholders	**107.6**	96.1	*+11.9%*

ORPEA's **half-year 2018 revenue** grew by 10.0% to €1,679m. That increase was supported by a strong organic growth of 5.2% and by selective acquisitions, including in Austria, Germany and the Netherlands.

EBITDAR (EBITDA before rents) rose 8.3% to €440.2m, accounting for 26.2% of revenue. That margin reflected a 40bps improvement in margins of existing operations and the short-term impact of expansion into new territories and of acquisitions.

Rental costs edged up just 2% to €150.7m as ORPEA continued its strategy of increasing the real estate ownership rate and the low increase in existing rents.

EBITDA increased by 11.9% to €289.6m, or 17.2% of revenue – a 20 basis points improvement on its H1 2017 level. That performance illustrates the Group's ability to raise its profitability while stepping up the pace of its expansion.

After €87.7m in depreciation, amortisation and charges to provisions (up 23.9%) owing to a higher real estate ownership rate, recurring operating profit came to €201.9m (up 7.4%).

Net non-recurring gains totalled €16.1m, compared with €13.8m in the first half of 2017, including capital gains on the disposal of French facilities.

Net financial costs came to €65.2m, down 2.4% as a result of improvements to ORPEA's balance sheet structure.

Pre-tax profit on ordinary activities rose 12.7% to €136.7m, growing at a more rapid pace than revenue.

After €49m in tax expenses, net profit group share was up 11.9% at €107.6m.

Another increase in the real estate portfolio to €5.3bn[1]

During the first half, ORPEA pressed ahead with its strategy of adding to its real estate portfolio. Its property ownership rate now stands at 47% vs. 45% at 31 December 2017.

At 30 June 2018, ORPEA's portfolio with its developed area of 1,947,000m[2] was worth a total of €5,344m, an increase of over €300m over the six-month period. This strategic, resilient and high-quality asset base is increasingly diversified across the Group's footprint.

Strong financial structure

In the first half, ORPEA completed the placement of its first public 7-year bond issue of €400m (due in March 2025) with an annual fixed-rate coupon of 2.625%. The issue has helped to diversify its base of credit investors and to extend the maturity of its debt.

ORPEA's net debt rose €406m to €4,819m[2] at 30 June 2018 amid a strong pace of expansion, with the value of its real estate portfolio and intangible assets appreciating by more than €500m. Real estate debt again accounted for 85% of the total.

ORPEA has kept a tight grip on its debt ratios, with its financial leverage restated for real estate at 2.3x (permitted level of 5.5x) and restated gearing of 1.5x (permitted level of 2.0x).

Its cost of borrowing declined further to 3%, while the maturity of its debt has been extended significantly (6 years at 30 June 2018 vs. 5.2 years at 31 December 2017). Its net debt is still fully hedged against the risk of an increase in interest rates.

Position in the Netherlands strengthened with two new acquisitions

Following the acquisitions of Dagelijks Leven and Woonzorgnet in the first half of 2018, ORPEA has further cemented its position in the Netherlands by purchasing Allerzorg and September, which generated combined revenue of over €50m in 2017. The deal is still subject to authorisation by the supervisory authorities.

Founded in 2006, Allerzorg is a specialist provider of homecare services with a nationwide coverage. Allerzorg's addition will broaden ORPEA's offering in the Dutch market and bring on board a high-calibre workforce of qualified employees (94% of employees are qualified nurses).
At the same time, ORPEA has scaled up its presence in nursing homes by acquiring September and its network of 125 beds in 7 facilities.

ORPEA's diversified offering now covers the full span of the Dutch long-term care sector in the Netherlands. It operates more than 1,000 beds there and has tremendous scope for organic growth given the strength of demand for new beds.

Further expansion in Brazil and Portugal

Development has ramped up in Brazil and Portugal – where ORPEA operates via a joint venture with SIS Group – with the recent acquisition of 465 beds in Brazil and 430 beds in Portugal, plus new construction projects. In a little over a year, close to 3,000 beds have already been secured in Brazil and 2,000 in Portugal – all in prime locations.
ORPEA is set to take sole ownership of the operations in Brazil and Portugal effective 1 January 2019 by buying out the 51% share held by the SIS Group, and it will retain over 50% of real estate in both countries.

[1] Excluding the €28m in real estate assets held for sale
[2] Excluding €28m in liabilities associated with assets held for sale

Strategy and outlook

ORPEA is accelerating its strategy of selective international expansion by focusing on value-creating projects in prime locations across Europe and Latin America. ORPEA now aims to become a global player by maintaining its focus on the quality of the services it provides for the well-being of its residents and patients across its network.
To execute its strategy of international expansion effectively, the Group is also reshaping its organisation, tightening up its controls and rolling out its expert teams across all the geographical territories where it operates.

Next press release: Q3 2018 revenue
6 November 2018 after the market close

About ORPEA (www.orpea-corp.com)

Founded in 1989, ORPEA is one of the main world leader in long-term care, with its network of 854 facilities, with 86,757 beds (13,599 of them under construction or redevelopment), including:

- 32,582 beds in France (2,223 beds under construction or redevelopment) at 346 facilities
- 54,175 beds outside France (Austria, Belgium, Brazil, China, Czech Republic, Germany, Italy, Netherlands, Poland, Portugal, Spain and Switzerland) at 508 facilities (11,376 beds under construction or redevelopment)

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.

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Glossary:

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
Recurring 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)

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Consolidated income statement (Audit in progress)

In €m	30-June-2018	30-June-2017
Revenue	**1,679.0**	**1,525.7**
Purchases used and other external expenses	-447.1	-414.1
Staff costs	-886.7	-804.3
Taxes other than on income	-64.5	-57.7
Depreciation, amortisation and charges to provisions	-87.7	-70.8
Other recurring operating income and expense	8.8	9.2
Recurring operating profit	**201.9**	**188.0**
Other non-recurring operating income and expense	16.1	13.8
Operating profit	**218**	**201.8**
Net interest expense	-65.2	-66.7
Profit before tax[1]	**152.8**	**135.0**
Income tax expense[1]	-49	-41.0
Share in profit/(loss) of associates and joint ventures	4,3	2.1
Impact of early redemption and fair-value of ORNANE bond	-	-142.7
Consolidated net profit Group share	107.6	-41.8
Net profit Group share excluding impact of ORNANE and discounting deferred taxes [1]	**107.6**	**96.1**

Consolidated balance sheet (Audit in progress)

In €m	30-June-2018	31-Dec-2017
Non-current assets	**8,865**	**8,324**
Goodwill	930	1,013
Intangible assets	2,407	2,082
Property, plant and equipment and properties under development	5,344	5,042
Other non-current assets	184	187
Current assets	**1,603**	**1,308**
Cash and short-term investments	*822*	*614*
Assets held for sale	**28**	**64**
Total assets	**10,496**	**9,696**
Equity attributable to ORPEA's shareholders and deferred taxes available indefinitely	**3,240**	**3,142**
Equity attributable to ORPEA's shareholders	2,749	2,715
Deferred taxes available indefinitely on operating intangible assets	491	427
Non-controlling interest	**0**	**0**
Non-current liabilities	**5,640**	**5,248**
Other deferred tax liabilities	438	431
Provisions for liabilities and charges	200	194
Non-current financial liabilities	5,002	4,622
Current liabilities	**1,588**	**1,242**
o/w current financial liabilities (bridge loans and real estate porting)	*639*	*405*
Liabilities associated with assets held for sale	**28**	**64**
Total equity and liabilities	**10,496**	**9,696**

Cash flows (Audit in progress)

In €m	30-June-2018	30-June-2017
Net cash generated/(used) by operating activities	**189**	**167**
Investments in construction projects	-219	-155
Acquisitions of real estate	-175	-483
Disposals of real estate	19	16
Net investments in operating assets	-122	-98
Net cash generated/(used) by investing activities	**-497**	**-720**
Net cash generated/(used) by financing activities	**516**	**568**
Change in cash over the period	208	15
Cash at end of period	**822**	**614**

[1] Excluding the cost (non-cash impact) of the early redemption of the ORNANE bonds, for €142.7m in H1 2018