



LA VIE CONTINUE AVEC NOUS

PRESS RELEASE

**FURTHER IMPROVEMENT IN FINANCIAL PERFORMANCES
IN THE FIRST HALF OF 2007:**

- **Sales: +29.7%**
- **Recurring operating profit: +28.2%**
- **Net profit: +44.0% at €22.9m**

Puteaux, 26th September 2007

The ORPEA group, a leading player in Long-Term Care (nursing homes), Post-Acute Care and Psychiatric Care, today announced its consolidated results¹ for the six months to 30th June 2007.

€ m IFRS	H1 2007	H1 2006	Δ
Sales	252.4	194.7	+29.7%
EBITDA	45.3	36.1	+25.9%
Recurring operating profit	33.6	26.3	+28.2%
Operating profit	42.0	28.5	+47.6%
Net profit	22.9	15.9	+44.0%

- **All profitability indicators showing solid growth**

Yves Le Masne, Chief Operating Officer, commented: "All operating performance indicators again improved significantly in the first half of 2007. This shows Orpea's ability to maintain a solid profitability momentum whilst stepping up development based on the solidity and professionalism of its business model. Indeed, despite 6,000 beds either under construction or being renovated, which is putting a short-term drag on the operating margin, recurring operating profit rose almost as strongly as sales."

¹ Pending attestation

□ **Operating margin: 13.3%**

EBITDA rose by 25.9% due to efficient operational management.

- Sales: +29.7%
- Total expenses (salaries, expenses, ..): +30.0%
- Rental expenses: +37.3% (following asset sales). At constant scope, rental expenses rose by only 4.6%. This illustrates the value of the Group's strategy with respect to its properties, which involves retaining ownership of some assets.

The recurring operating margin was 13.3%. This is close to the 13.5% achieved in the first half of 2006 despite the near-30% year-on-year increase in the number of beds under construction and being renovated, which dragged down short-term profitability.

□ **Sharp rise in net profit: +44.0%**

Operating profit rose by 47.6% to €42m, partly due to a capital gain of €7.2m on the sale of some plots of land that could not be used for medical or corporate purposes. The disposal will therefore not increase rental expenses, and underlines Orpea's property assets' low book valuation in the Group's balance sheet.

Despite a rise in net financial debt (total of €10m in the first half of 2007), **net profit** rose by 44.0% to €22.9m on the back of faster business growth.

□ **Development and investment policy**

The Group pursued its development, investing €210m (net of divestments), in property and operations.

At end-June 2007, net financial debt was €735m². Financial ratios remain well below the limits set by the banking pool, thus guaranteeing the financing of development at a satisfactory rate. The Group uses a variety of financial instruments to manage its exposure to interest rate risks.

Three quarters of debt is secured by high-quality property assets. The ORPEA group now owns 342,000 sqm of property, corresponding to 70 fully-owned buildings and 48 partly-owned buildings with a book value of €470m, as well as land and programmes currently under development worth €326m

These holdings, which consist of very recently-built or fully-renovated properties in prime locations, possess substantial potential for increases in value, and offer secure long-term cash flow by being let directly to the Group.

The Group is currently carrying out in-depth research into setting up a property company, which could opt for "SIIC" (French REIT) or "OPCI" status, to house the bulk of its property assets. Orpea would own 60-80% of this property company. A final decision regarding this strategic operation will be taken in the first half of 2008. This operation will accompany the Group's continuous development through coming years

□ **2007 targets**

With a European network of 19,738 beds across 213 sites:

- 16,130 operational beds (including 2,378 being renovated),
- 3,608 beds under construction.

Orpea enjoys very high long-term visibility, and has a permanently-increasing growth reservoir, currently amounting to about 6,000 beds.

For full-year 2007, Orpea is confident of hitting its revenue target recently raised to €535m while maintaining solid profitability.

² Taking into account a deferred payment for the balance (€31.1m) of a property divestment officialised as of 30/6/2007.

□ Growth outlook

In four years, Orpea has more than doubled the size of its network from 9,306 beds at end-2003 to 19,738 in September 2007. The Group has also expanded into Europe: 15% of its network being now located in markets that show strong similarities to France, i.e. Belgium, Italy and Spain.

The Group plans to continue expanding, using its proven method that combines organic growth with targeted acquisitions. Its focus is on nursing homes, post-acute care clinics, physical rehabilitation and cardio-rehab centres and psychiatric clinics in France, Belgium, Spain and Italy.

Yves Le Masne, Chief Operating Officer, added: *"The current network, consisting of 19,738 beds as at September 2007, will represent potential sales of €800m within 3 to 4 years, once all beds are fully renovated and built, and on the assumption of the facilities being filled to their usual average rate."*

Dr Jean-Claude Marian, Chairman and CEO, concluded: *"In the first half of 2007, the Group showed its ability to step up growth in France and Europe whilst maintaining a buoyant value-creation momentum. Through the commitment of all our staff, the Group's priority will remain the constant effort to improve quality and the well-being of our residents and patients."*

Alzheimer's disease has been designated as France's "Grande Cause Nationale" (major national cause) in 2007, and will be the subject of a Presidential Plan between 2008 and 2012. For several years now, Orpea has already been working to adapt its facilities to deal with this disease. Today, most of its 162 long-term care facilities are equipped with special units to accommodate Alzheimer's sufferers. Orpea takes a global approach, offering specific solutions for patients (protected units and day-care), carers and families (relaxation areas, support and training) and nurses (specific training). The Group will continue to adjust its facilities in line with demographic and public health issues in coming years, with the support of its staff and for the benefit of its residents and patients."

Next press release: Q3 2007 sales

Wednesday 24th October 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. As of 1st September 2007, the Group has a unique European network of healthcare facilities, with 19,738 beds (16,130 of them operational) across 213 sites, including:

- 16,368 beds in France: 12,998 operational (including 2,050 being renovated) + 3,370 under construction, spread across 180 sites,
- 3,370 beds in Europe (Spain, Belgium, Italy and Switzerland): 3,132 operational (including 328 being renovated) + 238 under construction, spread across 33 sites.

Listed on Eurolist Compartment A of Euronext Paris - ISIN: FR0000184798

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Reuters: **ORP.PA** - Bloomberg: **ORP FP**



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