ORPEA
LA VIE CONTINUE AVEC NOUS

H1 2010: FURTHER BUOYANT GROWTH IN RESULTS

REVENUE: +16.1%

RECURRING OPERATING PROFIT: +18.8%

NET PROFIT: €32.5M

CONFIRMATION OF THE PROFITABLE DEVELOPMENT MOMENTUM
EMBEDDED REVENUE GROWTH OVER 2009-2012: +45%

Puteaux, 15th September 2010

ORPEA, a leading player in Long-Term Care (nursing homes), Post-Acute Care and Psychiatric Care, today announced its consolidated results[1] for the 1st half of 2010 to 30th June 2010.

In €m (IFRS)	**H1 2010**	**H1 2009***	**▲%**
Revenue	**469.2**	404.1	*+16.1%*
EBITDAR (EBITDA before rents)	**112.9**	95.2	*+18.6%*
EBITDA	**82.9**	70.7	*+17.2%*
Recurring operating profit	**62.5**	52.6	*+18.8%*
Operating profit	**72.3**	61.2	*+18.2%*
Net profit	**32.5**	29.5	*+10.1%*

**Taking into account the option taken in H2 2009 for the application of revised IFRS 3: resulting charge of €0.6m net of tax*

- **Substantial improvement in all financial indicators**

Yves Le Masne, Deputy CEO, commented: "*This first half again illustrates the vitality and efficiency of ORPEA's business model: buoyant growth in activity (+16.1%), solid profitability (recurring operating margin of 13.3%) and intense development with over 30% of the Group's facilities currently under construction or being renovated.*
Thanks to rigorous and efficient management in terms of its operational activity, its real estate and its debt, the Group is continuing to record substantial improvements in all of its profitability indicators.
The Group is particularly confident in its ability to reach its revenue target of €960m this year, doped by an increase in the number of new openings over the second half whilst maintaining high profitability.
The real-estate divestments that will essentially be carried out during the 4th quarter will contribute to improving the Group's financial flexibility."

[1] The limited examination procedures are currently underway

❑ Recurring operating profit: +18.8%

Over the first half of 2010, **revenue** increased by +16.1% to €469.2m, benefitting from further buoyant organic growth and selective and value-creating external growth.

EBITDAR (EBITDA before rents) increased by +18.6% to €112.9m, representing 24.1% of revenue.
This solid increase was the result of:

- The optimisation of operating expenses thanks to centralised support functions;
- The controlling of personnel costs backed by an enhancive policy that develops training, internal promotion and job stability.

Recurring **EBITDA** rose by +17.2% to €82.9m, or 17.7% of revenue. This performance was the result of the Group's real-estate policy that aims to keep 50% of its real-estate assets under ownership and limit the weight of rents.

The **recurring operating margin** was up on the 1st half of 2009, at 13.3%, despite facilities under construction or undergoing renovation negatively impacting profitability.

Operating profit (EBIT) was up +18.2% at €72.3m, once non-recurring net income of €9.8m (versus €8.6m in H1 2009) is taken into account that was essentially related to real-estate operations.

The net cost of financial debt was €24.4m (versus €22.2m in H1 2009), a limited increase of 9.9% reflecting the gradual decrease in interest rates within a context of buoyant development.

Net profit for the 1st half of 2010 thus totalled €32.5m, up +10.1%.

❑ Further growth in real-estate assets

At 30th June 2010, the global value of the Group's real estate assets is €1,746m(*), €404m of which are buildings under construction or being renovated, as well as land. These assets cover a building surface of 665,000m^2 representing 186 buildings, 68 of them part-owned.

The strategic location of these assets in large towns and cities, the architectural quality and new or recent nature of its buildings provides ORPEA's real-estate assets with unique appeal within the tertiary property sector, as shown by the appetence of institutional and private investors.

This real-estate policy that aims to keep 50% of its assets under ownership guarantees the Group solid, strong and lasting profitability. It gives ORPEA a significant property-company facet.
The relevance of this strategy will be heightened following the upcoming implementation of the IFRS norm for the writing down of long-term leases.

*Excluding the effect of assets currently being divested

Solid financial flexibility

At 30th June 2010, shareholders' equity totalled €658m.
Net financial debt stands at €1,429m, excluding the effect of assets currently being divested. This increase of 9.7% over the half remains limited, given the ongoing buoyant development.
In 2010, ORPEA favours "Scellier" or "LMNP" divestments that offer favourable financing conditions for investors and for the Group. A €80 to 100m divestment programme will thus be carried out before the end of the year.

The vast majority of the Group's debt is real-estate debt (80%), and is backed by high-quality assets with little volatility that are easy to divest given the appeal of the Group's real-estate.

The Group's two main debt ratios stood as follows, at 30th June 2010:
- financial leverage = 3.23 (5.5 authorised);
- restated gearing = 1.72 (2 to 2.2 authorised).

75% of debt is hedged against the risk of interest rates fluctuations, and this hedging is continually optimised. Over 2010, the debt's average interest rate is around 4.5%, versus 6.9% two years earlier.

ORPEA thus has solid financial flexibility to actively pursue its policy of acquiring and constructing new facilities.

2010, 2011 and 2012 guidance reaffirmed

Thanks to these first-half performances, and to its unique growth reservoir consisting of approximately 8,000 beds under construction or being renovated, ORPEA is very confidently reiterating its guidance:
- Embedded growth of +45% over 2009 - 2012, reaching €1,225m at the end of this period;
- Solid profitability;
- A regular increase in cash flow, in this very high visibility sector;
- And, at the same time, a further improvement in its financial ratios.

Outlook: acceleration in growth

After opening 4 facilities over the first half of the year, the Group will open 9 more in the coming months, with an acceleration towards the end of the year, including prestigious Long-Term Care facilities such as those in Neuilly-sur-Seine and Nice, and major Post-Acute and Physical Re-education clinics such as those in Asnières and Paris 14th.

Doctor Jean-Claude Marian, Chairman and CEO, concluded: "*The ongoing regulatory changes, such as the creation of ARS (regional health agencies) and requests for proposals, are driving the sector towards increased professionalisation and favour players with a solid financial capacity and firmly-established reputation.*

Within the current context of consolidation of the sector, ORPEA has all the assets it requires to maintain its position as a European leader:
- *over 20 years of experience in creating, renovating and integrating facilities;*
- *acknowledged Quality offer;*
- *committed, motivated and loyal teams;*
- *solid financial flexibility.*

As scheduled, on 12th October 2010 the Group will announce the developments that have taken place since March 2010. The entire sector is continuing to evolve towards substantial consolidation, and ORPEA will thus also be able to announce some significant developments."

- **ORPEA wins the Green Business award within the framework of the Entrepreneurial Awards**

ORPEA is very pleased to announce that it has won the Green Business award within the framework of the 2010 Entrepreneurial Awards organised by Ernst & Young.
The Green Business award rewards a company that has redirected its strategy towards new sustainable growth and socially responsible activities.
This Award reflects recognition and acknowledgement of the social and environmental policy and the ethical and societal commitments developed by ORPEA's staff for many years now.

Next press release: update on development,
12th October 2010, before market

About ORPEA (www.orpea.com)**:** Listed on Euronext Paris since April 2002 and a member of the Deferred Settlement Service, the ORPEA group is a leading player in the Long-Term Care and Post-Acute Care sectors.
As of March 2010, the Group has a unique European network of healthcare facilities with 28,073 beds (22,556 of them operational) across 300 sites, including:
- 22,892 beds in France: 18,351 operational (including 2,854 being renovated + 4,541 under construction), spread across 252 sites;
- 5,181 beds elsewhere in Europe (Spain, Belgium, Italy and Switzerland): 4,205 operational (including 508 being renovated) + 976 under construction, spread across 48 sites.

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

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