



# 2018 revenue presentation Update on development

February 2019

1. Introduction
2. ORPEA Quality and innovation policies
3. Network and development
4. Strategy and outlook

*Appendix*

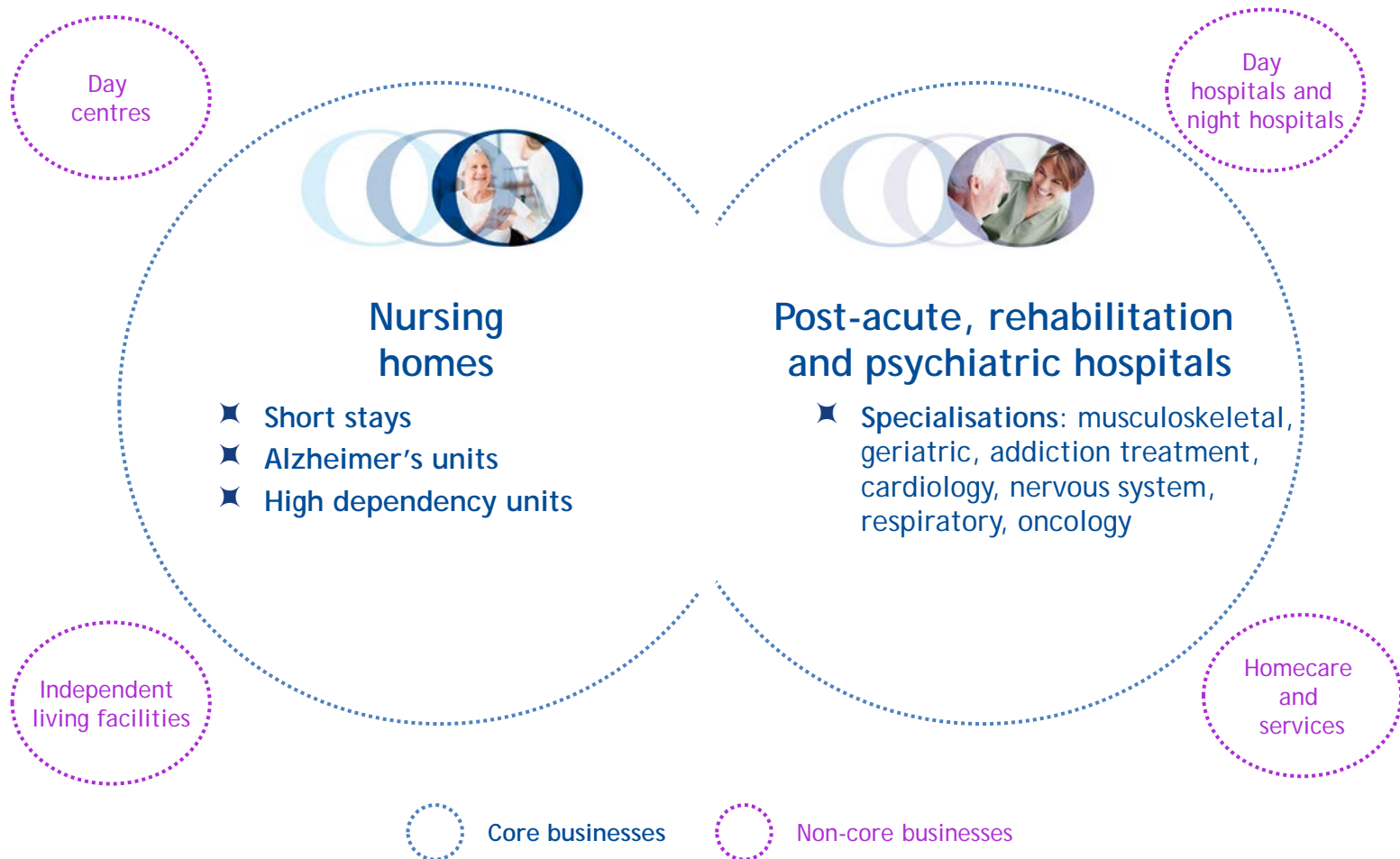






## Introduction

# Comprehensive offering of mid-term and long-term care for physical and mental conditions

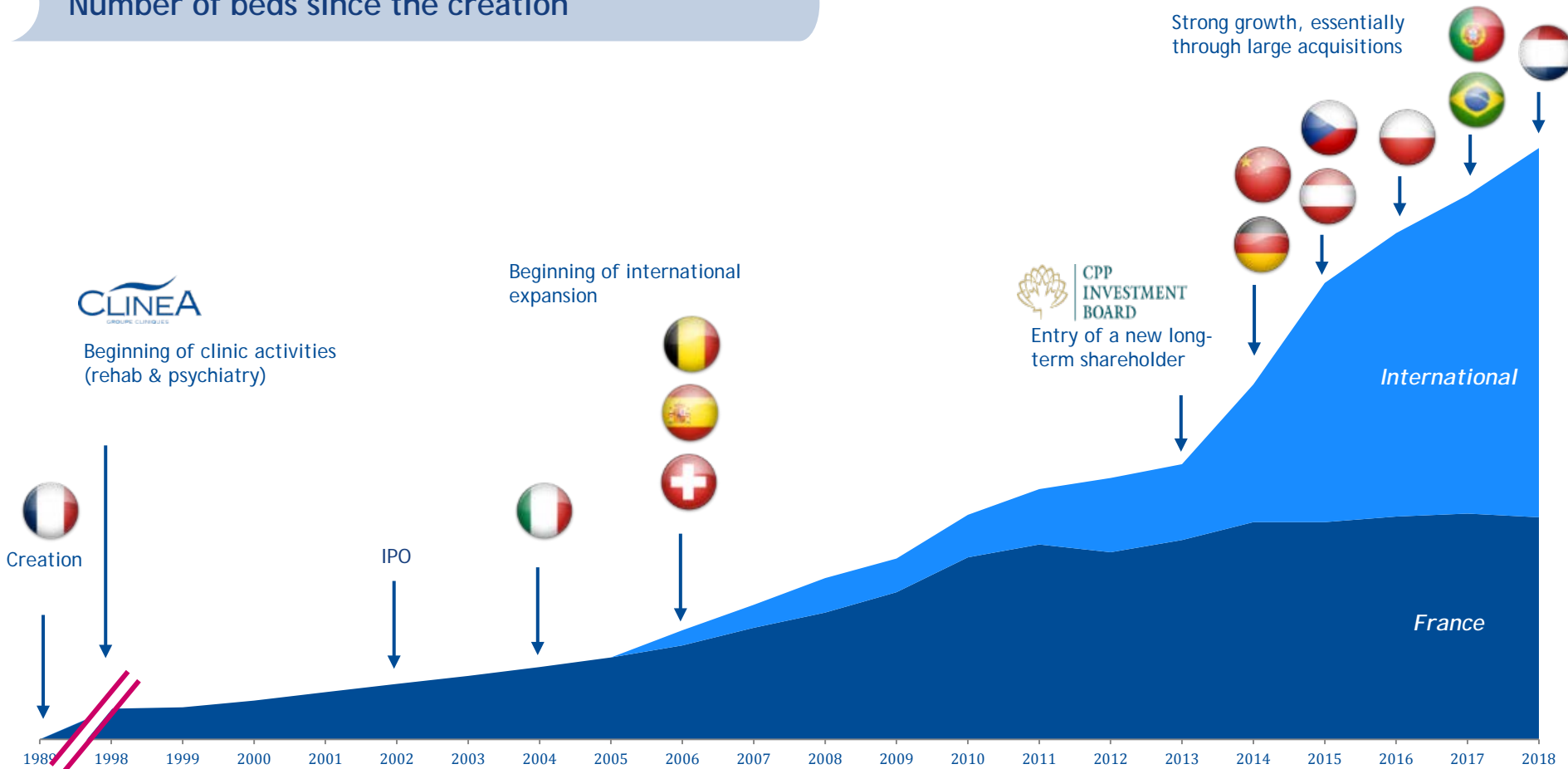


Complementary activities to meet the demand from existing as well as future patients and residents

# Our history: 30 years of experience in Elderly Care

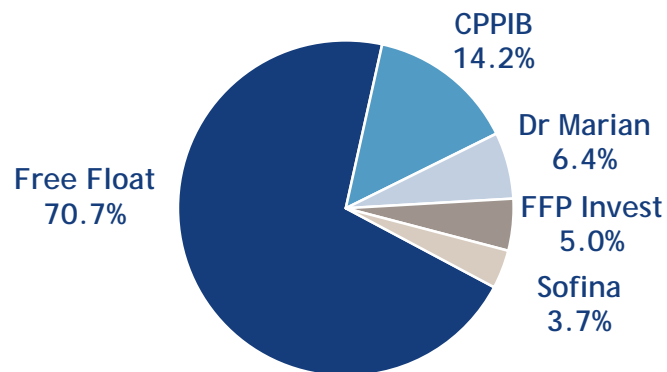
## Number of beds since the creation

96,577 beds



# Long-term shareholders dedicated to value creation

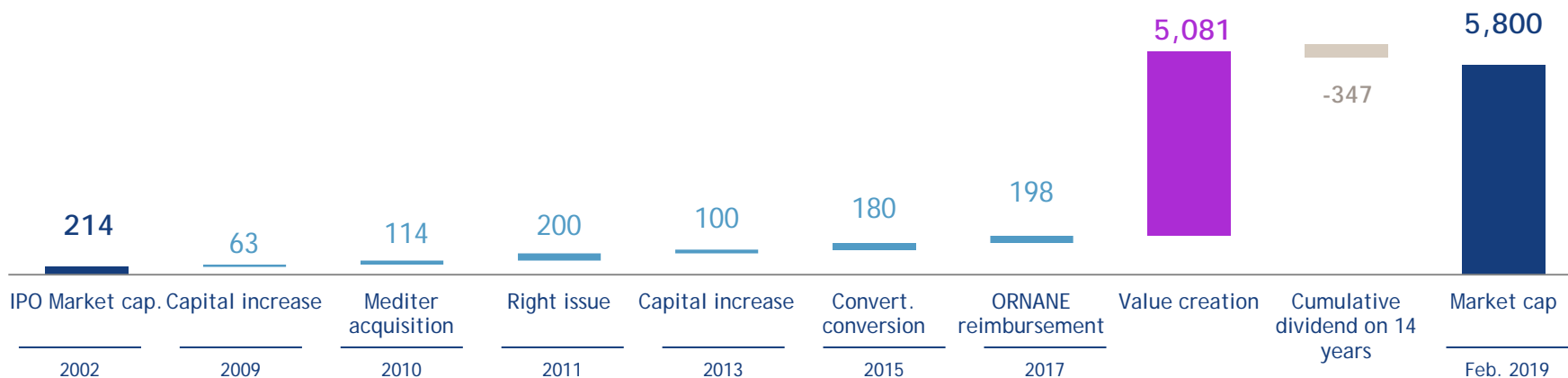
## Shareholding structure % of share capital



## An 11 Board members with complementary skills

- ✦ Board members:
  - Philippe Charrier - Non-executive Chairman
  - Yves Le Masne - CEO
  - Jean Patrick Fortlacroix
  - FFP Invest (Thierry Mabillet de Poncheville)
  - Xavier Coirbay (appointed on proposal by Sofina)
  - Joy Verlé (appointed on proposal by CPPIB)
  - Christian Hensley (appointed on proposal by CPPIB)
  - Bernadette Chevallier
  - Brigitte Lantz
  - Laure Baume
  - Sophie Kalaidjian (Employees representative)

## Strong value creation since the IPO (€m)







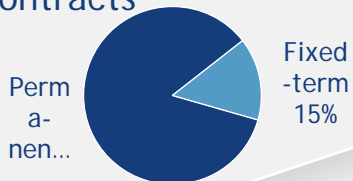
**ORPEA Quality and innovation policies**



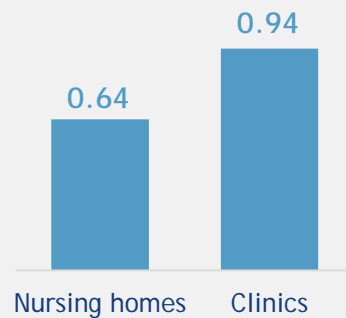
**54,000** employees

**83%** women

**85%** on permanent contracts



FTE per patient and per resident



More than **250,000** residents and patients...

... cared for per year in...

...more than **850** facilities across **13** countries



Recommendation rate among families and residents **93%**

Satisfaction rate among families and residents **94%**





## Monitoring

- ✓ Care and treatment
- ✓ Quality and quality process
- ✓ Safety
- ✓ Catering
- ✓ Health and hygiene
- ✓ Organisation



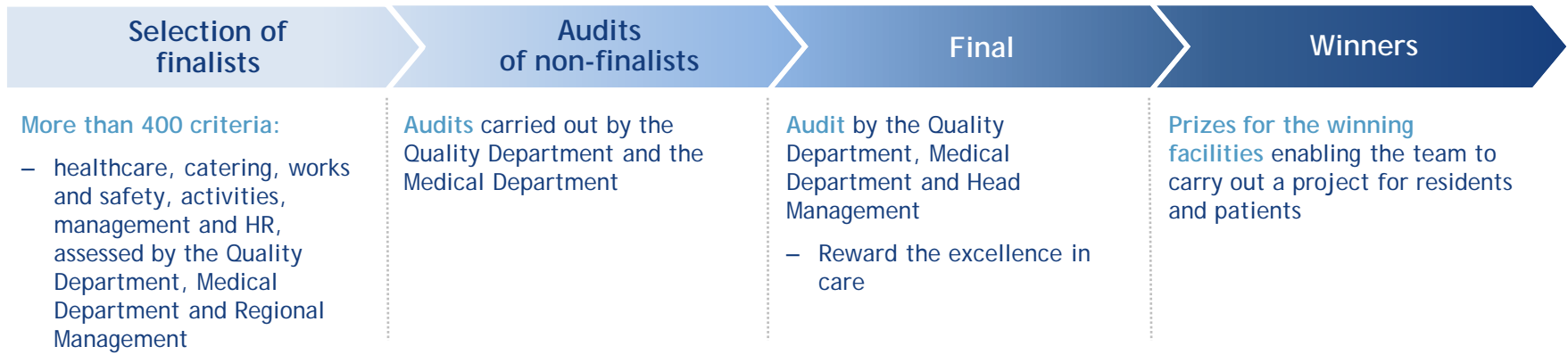
**37**  
inspections p.a. and per  
facility



More than **400** aspects  
checked every quarter in  
every facility

## ① Quality Award

- Annual in-house competition focusing on quality of care: three nursing home teams and three clinic teams receive awards each year



## ② Culinary Award

- Challenge rewarding staff's ability to follow recipes, meals' creativity and presentation



## ③ Excellence Awards

- Recognises projects in the areas of clinical ethics, scientific research and innovation in care





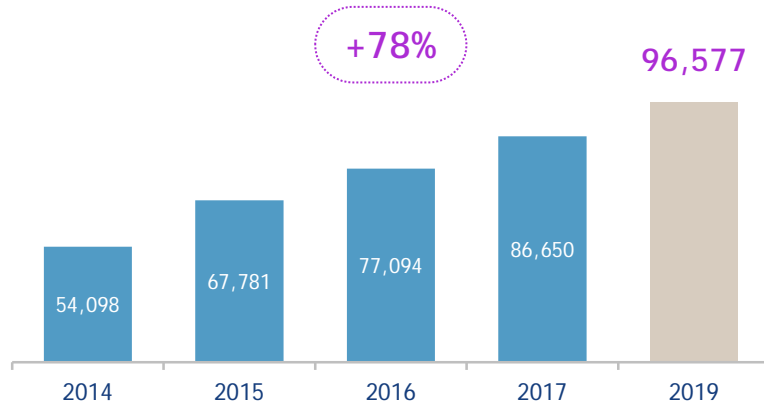


Network and development

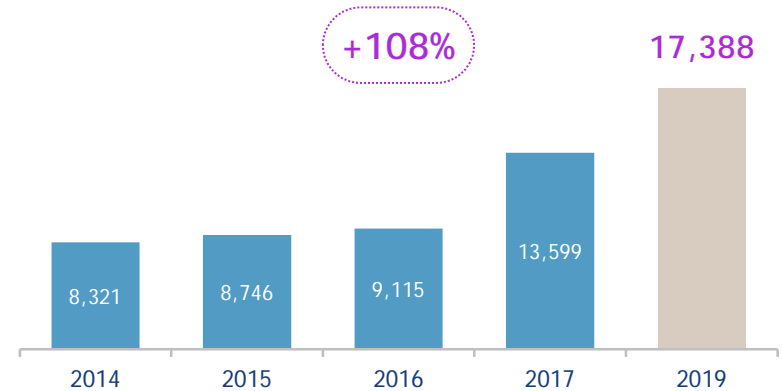


# 2014-2019: strong acceleration of ORPEA international expansion with 7 new countries

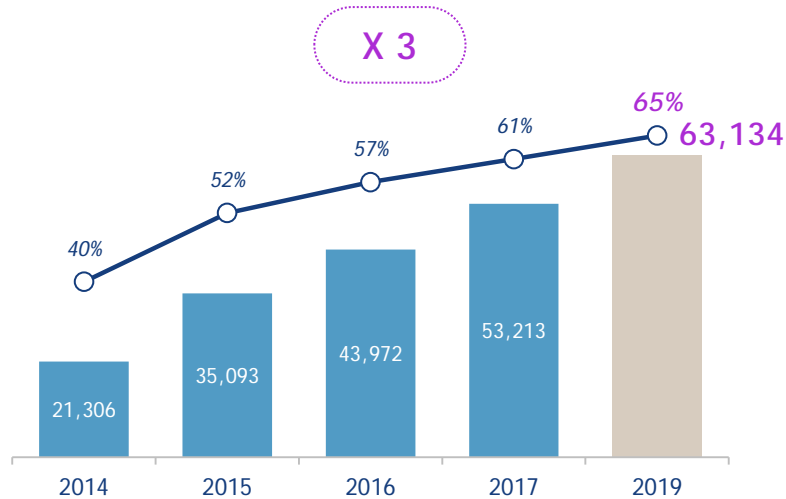
## Total network (number of beds)



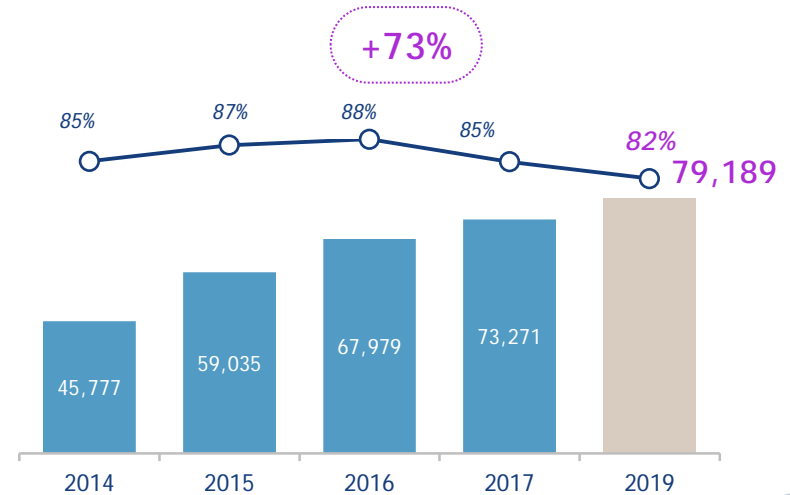
## Pipeline (number of beds)



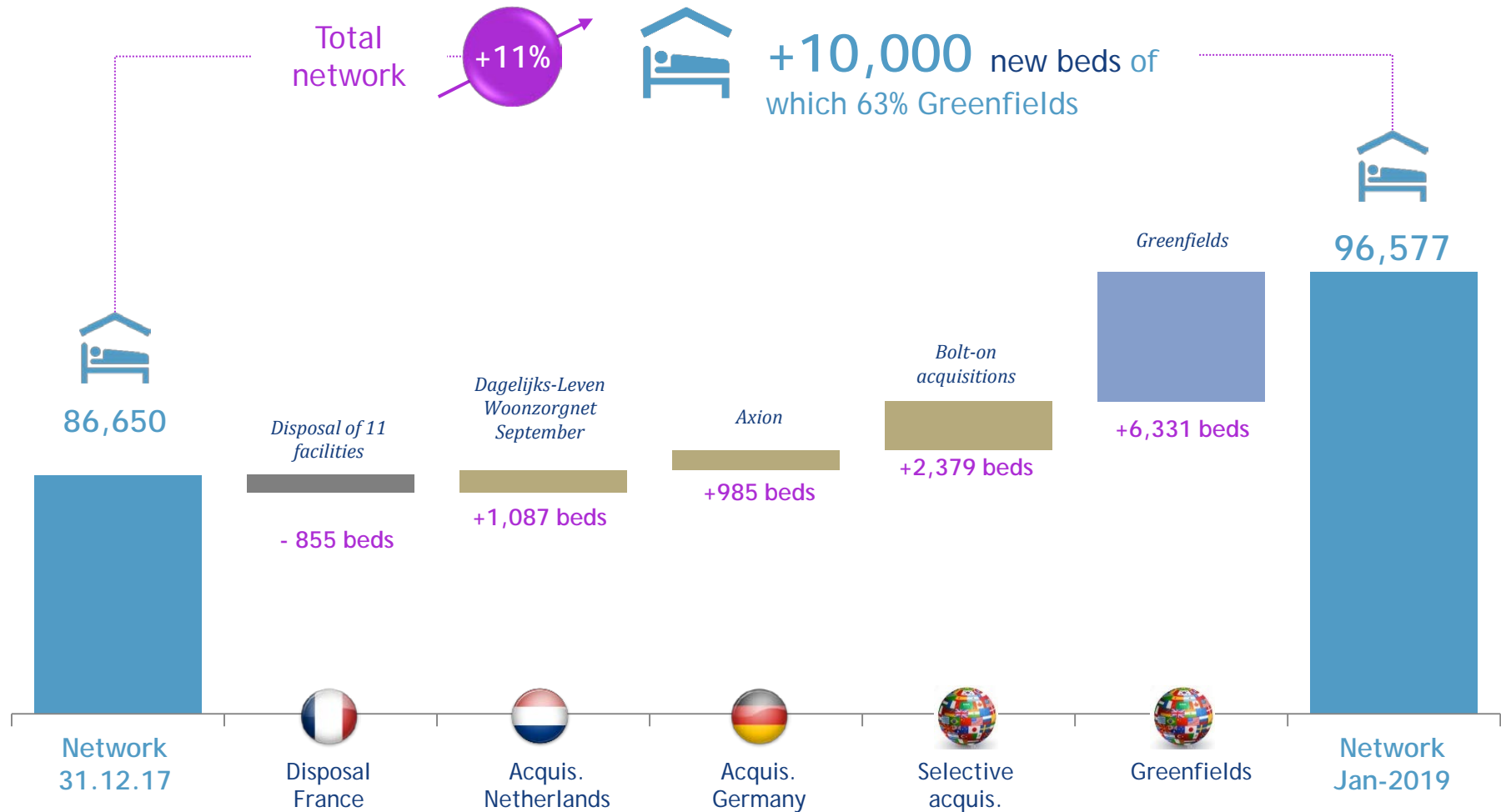
## International network (number of beds and % of total network)



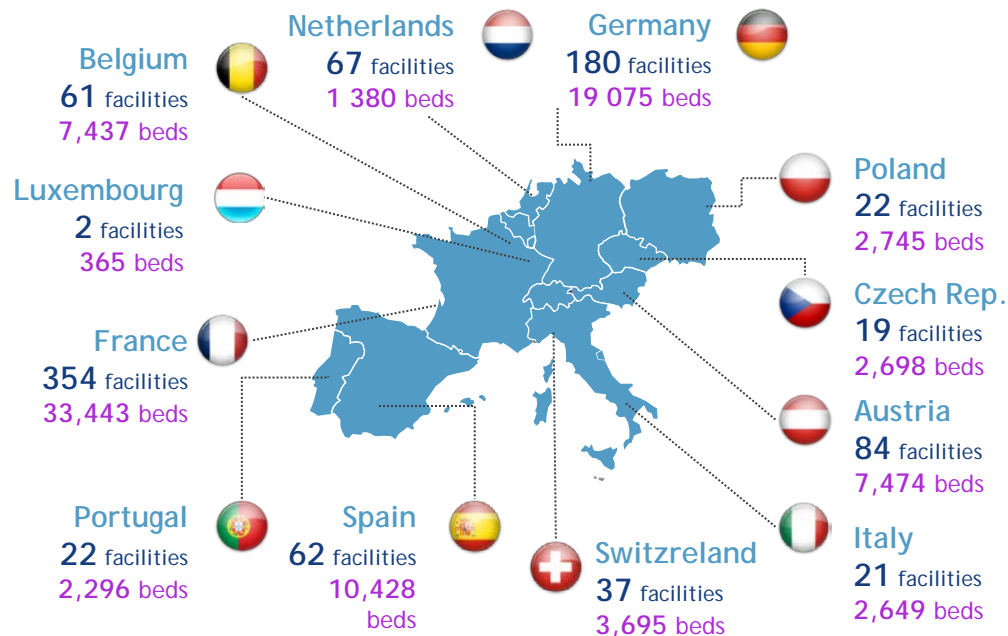
## Maturity of the network (number of mature beds and % of total network)



# Increase of the network: +10,000 beds in one year

















# Network of 950 facilities / 96,577 beds in 14 countries



 **65% of the network outside France**

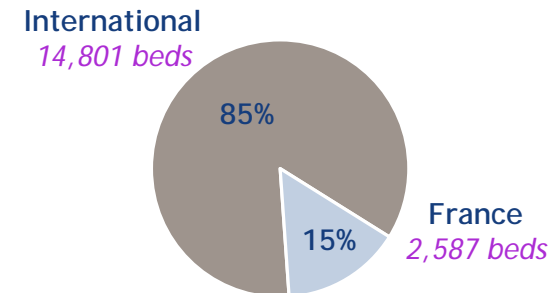


# Growth pipeline of 17,388 beds under construction: +30% in 12 months

Country	Opened beds	Pipeline = Beds under construction	Ch.of pipeline in 12 months	Pipeline (% of beds under const.)
 Germany	16,228	2,847	+272	15%
 Austria	7,088	386	+202	5%
 Belgium	6,275	1,162	-606	16%
 Brazil	471	2,281	+96	83%
 China	140	0	0	0%
 Spain	8,702	1,726	+1,419	17%
 France	30,856	2,587*	+364	8%
 Italy	1,940	709	+444	27%
 Luxembourg	0	365	+365	100%
 Netherlands	980	400	+400	29%
 Poland	1,107	1,638	+530	60%
 Portugal	635	1,661	+520	72%
 Czech Rep.	1,905	793	-128	29%
 Switzerland	2,862	833	+131	23%
<b>TOTAL</b>	<b>79,189</b>	<b>17,388</b>	<b>+4,009</b>	<b>18%</b>

\* Of which 1,087 beds under redevelopment

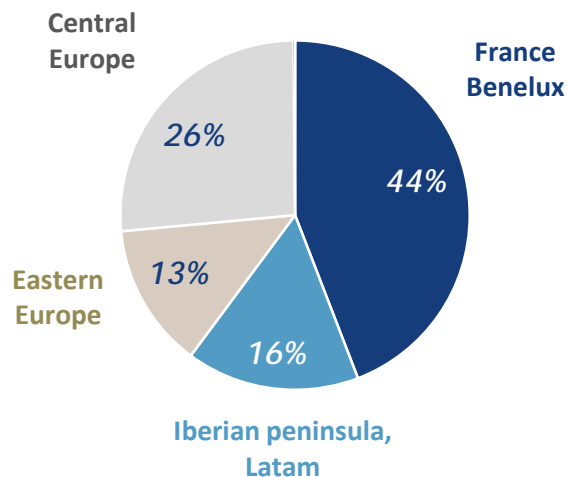
## Geographical breakdown of the pipeline



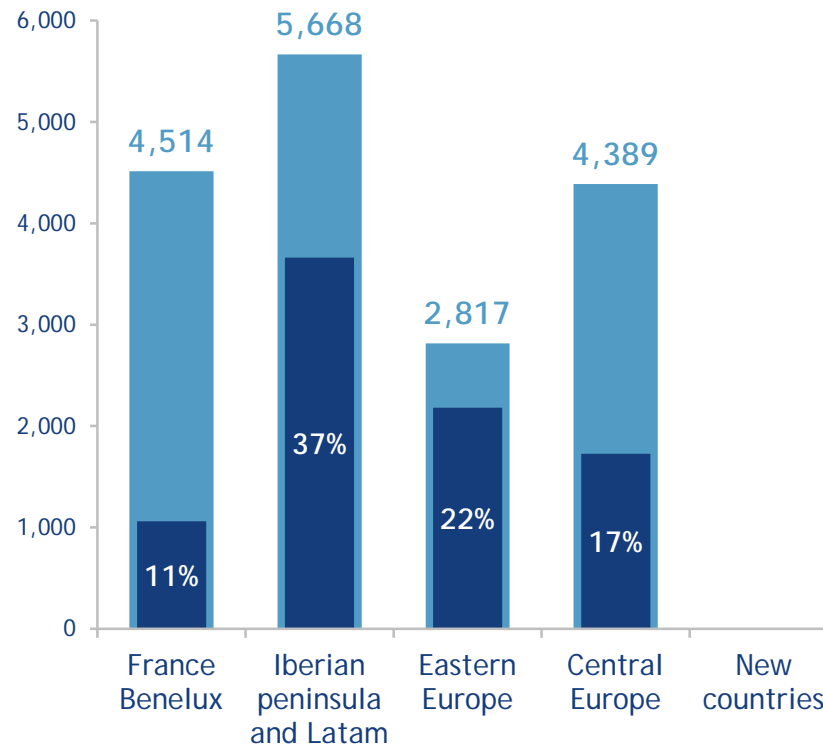
## Growth pipeline doubled in 2 years

# Beds and pipeline breakdown by cluster

## Beds breakdown by cluster



## Pipeline breakdown by cluster



■ Beds under construction

■ Beds under construction as % of total beds

# Example of selective acquisition: clinica Holistica in Switzerland



- ✦ Psychiatric clinic **focusing exclusively on stress-related diseases** using various psychiatric and therapeutic approaches (physiotherapeutic, art, quigong, music etc)
- ✦ Created in 2010 and recently renovated to high standards
- ✦ **Premium facility of 61 beds** with possibility of being extended
- ✦ Daily price of **CHF 460** for the accommodation
- ✦ Located in Susch, less than 1 hour of Davos







# Example of Greenfield in Poland: nursing homes, Rehab and assisted living

- ✦ **Strategic location in Poznan:** purchase of several classified buildings in the **historical center of Poznan**: a unique and prestigious part of the City Center of Poznań; just a few steps away from The Old Market Square
- ✦ Creation of a **healthcare complex of 3 buildings / 400 beds**:
  - 1 nursing home of 166 beds
  - 1 assisted living of 73 apartments
  - 1 rehab clinic of 158 beds + ambulatory care
  - Home care
- ✦ **Opening expected in 2021**



A high value project

- ✦ Creation of a premium facility: 125 beds of nursing home + 80 flats of assisted living
- ✦ Strategic location in Strassen, very close to the historical center (4 km to Boulevard Royal)
- ✦ All the project developed internally by ORPEA







# Acquisition of Axion in Germany: strengthening of ORPEA premium nursing home positioning

- ✦ Premium segment under-developed in Germany with 25 facilities only (0.2% of the sector)
- ✦ **Acquisition of Axion: 7 facilities with 985 beds**, including 2 high-end nursing homes (275 beds) in Hamburg and 5 in good locations with recent buildings
- ✦ **€30m of FY revenue** and strong profitability
- ✦ **Set-up of a joint-venture** ORPEA (75%) and Mr Tavridis (25%) to develop premium facilities in Germany
- ✦ **ORPEA's strategy: moving the German network upscale**, by building premium facilities allowing to apply free pricing schemes

Aumühlen Residenz (Frankfurt)



Riva Residenz (Potsdam)







ER-Elbchausee (Hamburg)



- ✦ Family group founded in 1998, with 5 facilities (936 beds) mixing 2 activities:
  - Nursing home
  - Highly-reputed rehabilitation center in Madrid
  
- ✦ Excellent locations, recent buildings
  
- ✦ High-standard quality buildings with good reputation and strong regional integration
  
- ✦ Acquisition of 4 high-quality buildings out of 5 : 50,000 sqm
  
- ✦ Acquisition already relative on cluster's margin with room for profitability improvement
  
- ✦ A perfect complementarity target to ORPEA Ibérica network







## Buoyant fundamentals

- ✦ Growth rate in population of over 80s is one of the biggest in the world: **+12m by 2050**, double the rate in Europe
- ✦ **Low equipment rate**: 3% vs. 15 to 20% in Europe
- ✦ **Highly fragmented** and under-developed private sector (28% of capacity)

## Accelerating developments

- ✦ **Creation of 14 facilities / 2,281 beds** in prime locations (Rio, São Paulo, etc.)
- ✦ **Acquisition of 4 facilities / 471 beds** in São Paulo
- ✦ **Many other development projects** (new builds and selective acquisitions) across the long-term care sector

## Acquisition of the 51% interest in the JV

- ✦ Buyout from SIS of the residual 51% stake in the operational joint venture in 2019
- ✦ Ownership of over 50% of the real estate



Close to 3,000 beds already secured in Brazil

2018: opening of 2,300 new beds  
2019: opening of 2,500 new beds



Ostend (Belgium) - 157 beds



Paris 16<sup>th</sup> (France) - 87 beds



Callian (France) - 80 beds



Brussels (Belgium) - 223 beds



Bern (Switzerland) - 226 beds



Milan (Italy) - 120 beds



Praha (Czech Rep.) - 224 beds



Berlin (Germany) - 164 beds



Genoa (Italy) - 141 beds





Strategy and outlook

# Strong growth of FY2018 revenue: +9.0% to €3,420m

€m	2018	2017	Ch.
France / Benelux	2,042.7	1,942.7	+5.1%
Central Europe	873.9	782.5	+11.7%
Eastern Europe	335.0	268.8	+24.6%
Iberian Peninsula	165.8	142.8	+16.2%
New countries	2.4	1.5	NA
<b>Total</b>	<b>3,419.8</b>	<b>3,138.2</b>	<b>+9.0%</b>

Central Europe: Germany, Italy and Switzerland

Eastern Europe: Austria, Poland, Czech republic

Iberic peninsula: Spain

Other countries: China

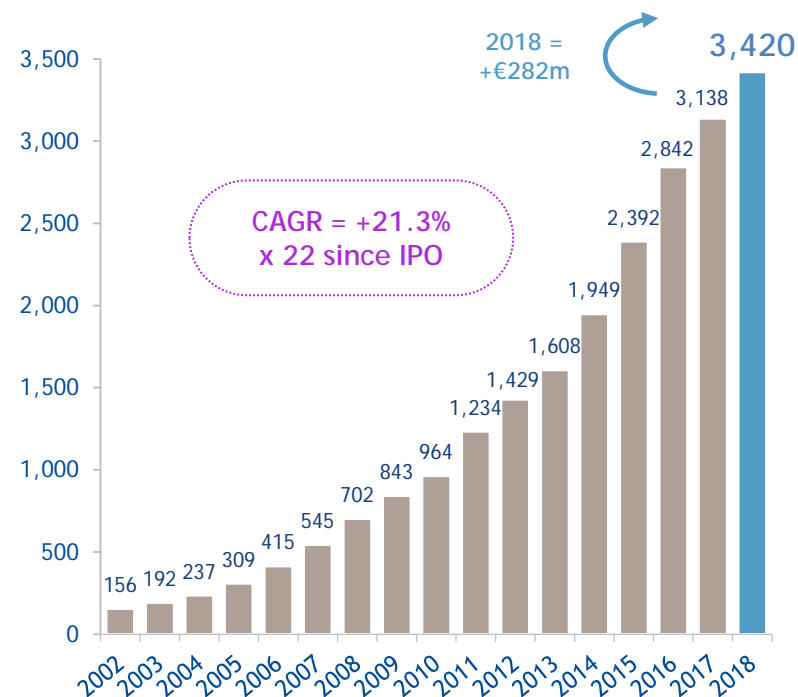
## Solid organic growth

- ✦ Opening in 2018: 2,300 beds
- ✦ Organic growth\* in 2018 : +5.0%



EBITDA margin guidance reiterated: 2018 margin above 2017 level

## Revenue annual growth since ORPEA IPO





Revenue

3,700 M€  
+8.2%



Profitability

Solid



Development

Greenfields &  
acquisitions



Real-estate

Sale-and-  
leaseback &  
ownership



ORPEA is now a world leader in long-term care





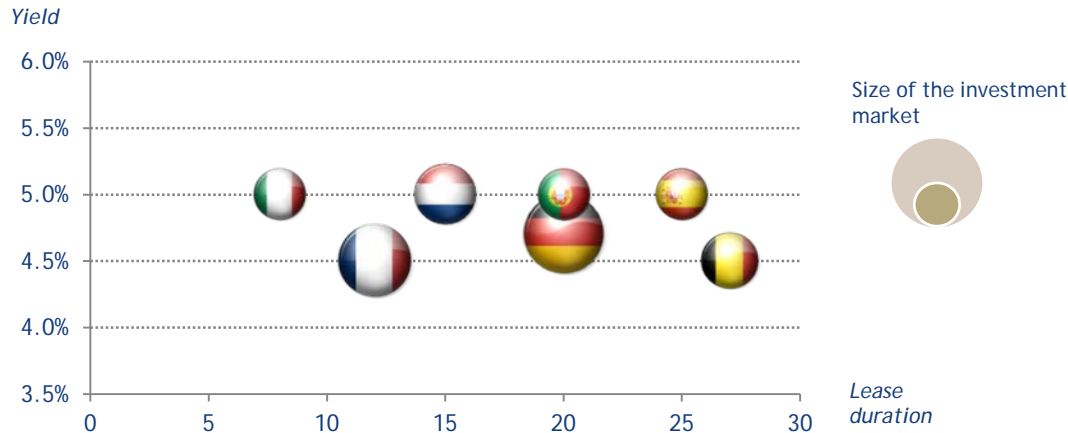
## Prime yields in France (outside Paris)



Source: Cushman & Wakefield

*50% decline in nursing home yields in France over the past 15 years*

## 2017 investments in Europe: Yield vs. lease duration












*Same trend in all European countries*



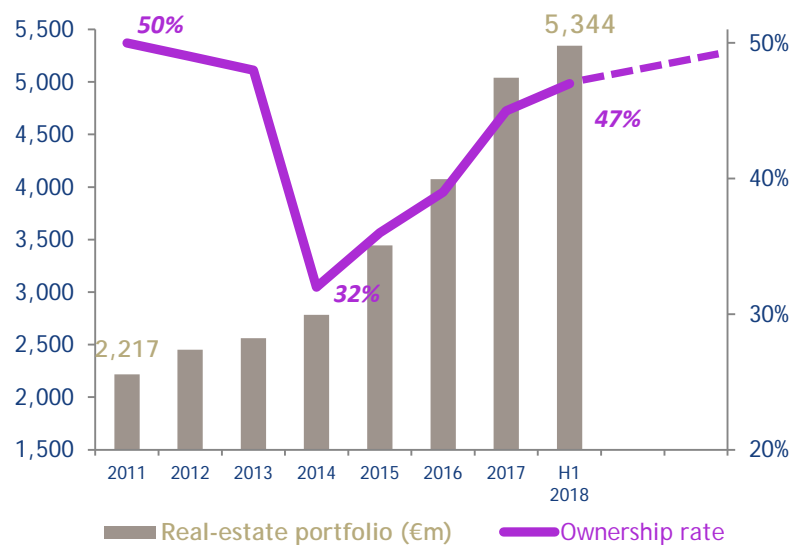
# Real-estate portfolio: €5.34bn (+16% in 1 year)

	30.06.18	31.12.17	Chg.
Real estate ownership rate	47%	45%	+2 pts
Total value <sup>1</sup> (€m)	5,344	5,042	+6.0%
Surface area (sqm)	1,947,000	1,842,000	+5.7%
Average yield (properties valued by Cushman & Wakefield and JLL)	6.0%	6.0%	=

## Real-estate ownership rate by country

	30.06.18	31.12.17	Chg.
Group total	47%	45%	+ 2 pts
 France	53%	52%	+ 1 pt
 Germany	17%	16%	+ 1 pt
 Austria	55%	55%	=
 Belgium	47%	45%	+ 2 pts
 Spain	69%	69%	=
 Italy	69%	67%	+2 pts
 Poland	90%	88%	+2 pts
 Switzerland	11%	10%	+ 1 pt
 Czech Republic	100%	100%	=

## Growth in the portfolio (€m) and ownership rate

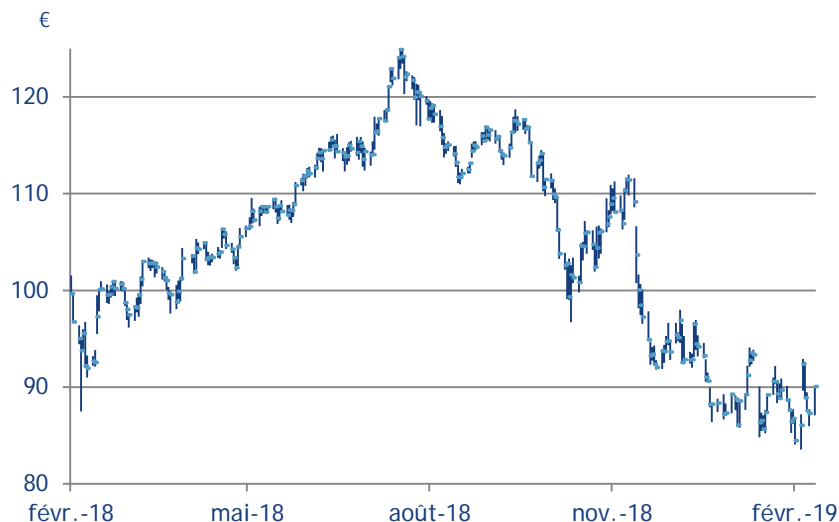


<sup>1</sup>Excluding the impact of the €28m and €33m in assets held for sale at 30.06.18 and 31.12.17 respectively



## Market data (12 months)

- ✦ Average trading volume: **192,000 shares per day (€20m)** all platforms combined
- ✦ Share price: **€90.00**
- ✦ 12-month high: **€125.20**
- ✦ 12-month low: **€83.56**
- ✦ Turnover : **76% in 12 months**
- ✦ Mkt cap.: **€5,813m**
- ✦ Nbr of shares outstanding: **64,586,323**



## Indices

- ✦ Compartment A of Euronext Paris
- ✦ Component of the MSCI Small Cap Europe, Stoxx Europe 600, CAC Mid 60 and SBF 120 indices
- ✦ Member of the SRD (deferred settlement service)

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