ORPEA
La Vie Continue avec Nous

2011: BUOYANT GROWTH IN RESULTS

- **REVENUE: *+28%* TO €1,234M**
- **EBITDA: *+27%* TO €218.6M**
- **PROPOSED DIVIDEND PER SHARE: €0.50**

SIGNIFICANT STRENGTHENING OF THE FINANCIAL STRUCTURE

Puteaux, 28th March 2012

ORPEA, a leading player in Long-Term Care (nursing homes), Post-Acute Care and Psychiatric Care, today announces its consolidated results [1] for the financial year to 31st December 2011.

In €m (IFRS)	**2011**	**2010**	**▲%**
Revenue	**1,234.1**	964.2	*+28.0%*
EBITDAR (EBITDA before rents)	**311.7**	236.4	*+31.9%*
EBITDA	**218.6**	172.3	*+26.9%*
Recurring operating profit	**163.2**	129.8	*+25.8%*
Operating profit	**188.1**	151.1	*+24.5%*
Pre-tax profit	**121.4**	98.3	*+23.5%*
Attributable net profit	**80.3**	66.3	*+21.1%*

Yves Le Masne, CEO, comments: "*ORPEA recorded excellent performances in 2011 whilst achieving its strongest-ever development over the last two years, expanding its network by almost 10,000 beds. ORPEA has again shown the robustness and efficiency of its model, which enables it to develop buoyant growth and high profitability and to integrate new facilities whilst strengthening its financial structure:*

- *Buoyant increase in revenue of +28%, thereby exceeding a billion euros for the first time;*
- *Solid profitability, with an 80 bp increase in its EBITDAR margin and growth of over 25% in its operating profitability indicators;*
- *Significant strengthening of its financial structure, with shareholders' equity of over 1.1 billion euros.*

Backed by its unique assets, by its growth reservoir of over 9,000 beds and by a solid base of mature high-quality facilities, the Group is particularly confident in its 2012 prospects, with its objective being for a +15.5% increase in revenue (to €1,425m), an improvement in profitability, a buoyant increase in cash flow and a further decrease in its debt ratios."

[1] Currently being audited

Buoyant growth in all operating indicators

2011 revenue grew by +28.0% and exceeded a billion euros for the first time, totalling €1,234.1m. This buoyant increase was the result of solid organic growth (+8.5%) and the contribution of the acquisitions carried out in 2010 and 2011, in particular that of the Mediter Group.

With 2011 seeing a buoyant level of acquisitions and the integration of the Mediter group's facilities, **EBITDAR** (EBITDA before rents) recorded a substantial increase of +31.9% and totalled €311.7m. The EBITDAR margin was thus 25.3% of revenue, an 80 bp improvement compared to 2010.

Rental costs totalled €93.1m, €19.7m of which was related to Mediter's facilities. On a constant scope basis, the increase in rents was limited to just +1.7%.

EBITDA increased by +26.9% to €218.6m, or 17.7% of revenue.

Recurring Operating Profit was up +25.8%, and represented 13.2% of revenue.
Excluding the impact of Mediter, the recurring operating margin represented 14.4% of revenue. This solid performance was the result of the solid base of mature facilities recording high operating profitability and enabling the effects of the Group's development to be absorbed.

Operating profit (EBIT) increased by +24.5% to €188.1m. This figure includes non-recurring income of €24.9m, compared to €21.3m in 2010, notably associated with the divestment of real-estate assets.

The net cost of financial debt came to €66.7m over the year, an increase of +26.6%, within the context of substantial internal and external development.

Pre-tax profit increased by +23.5% and totalled €121.4m

Attributable **net profit** came to €80.3m over the year, an increase of +21.1%.

The value of the Group's real-estate assets increases to €2,189m

At 31st December 2011, the Group's property portfolio represented a constructed surface area of 756,000 m^2 (out of over a million m^2 of land), spread across 230 buildings, 89 of them partially owned.

Its total value is €2,189m [2], versus €1,910m at the end of 2010. These assets break down as follows:

- €1,807m of operating constructed assets, a +27% increase over the year, essentially due to acquisitions and the completion of constructions. On a constant scope basis, the value of the Group's real-estate portfolio was stable. The average discounting rate of independent appraisals was 6.5% at 31st December 2011, similar to that at the end of 2010.
- €382m of assets currently under construction or being renovated, as well as land.

Given the defensive nature and long-term visibility of ORPEA's real-estate assets, the Group benefited from particularly attractive conditions, in terms of both initial rent and indexing, for the divestment of €147m of assets to individual and institutional investors in 2011.

This high-quality real-estate portfolio, consisting of new or recent buildings located in dynamic economic areas, allows ORPEA to:

- control its work tool to provide the best quality of service and to maintain flexibility;
- increase the Group's asset value;
- ensure its medium- and long-term profitability.

[2] Excluding the impact of assets in the process of being divested for €121m

Significant strengthening of the financial structure

At 31st December 2011, attributable shareholders' equity totalled €1,137m, a +31% increase compared to 31st December 2010, notably due to the capital increase and annual net profit.

Net financial debt stood at €1,619m (2), almost stable compared to 31st December 2010 and down by over €100m over the last six months, despite development remaining strong.
The vast majority of the Group's debt, essentially amortisable, continues to be real-estate debt (80%), which is backed by high-quality assets with low volatility that are easy to divest.

The Group's two main debt ratios improved significantly. At 31st December 2011, they were as follows:
- financial leverage restated for real estate = 2.14, versus 3.3 at 31st December 2010 (5.5 authorised);
- restated gearing = 1.19, versus 1.50 at 31st December 2010 (2 to 2.2 authorised).

80% of debt is hedged against the risk of interest rates fluctuations over the next four years. Over 2011, the debt's average interest rate was around 4.50%, stable compared to 2010. As a result of the optimisation of this hedging, the cost of financing this debt will mechanically decrease in the coming years to reach 3.80% in 2015.

Thanks to the various operations carried out since 2009 to diversify its sources of financing, ORPEA has a solid and flexible financial structure.

(2) Excluding the debt associated with assets in the process of being divested for €121m

Strategy and outlook: cash flow growth

After two years of intense development, with its network expanding by almost 10,000 beds over 2010 and 2011, the Group has strengthened its European leadership position in the Long-Term care sector and now has a solid base of mature facilities. At the end of 2011, the number of beds under development represented 35% of operational beds, versus 41% at the end of 2010 and 48% in 2009 and 2008.

Henceforth, ORPEA has all the assets it requires to deploy a strategy based on increasing cash-flow generation, accompanied by a less-active pace of external growth.

Furthermore, the Group intends to make the most of the attractive conditions offered by investors to accelerate its real-estate divestments in the coming months.

Thus, in 2012 and the following years, the Group expects:
- buoyant revenue growth, thanks to the gradual opening of its growth reservoir of over 9,000 beds currently under construction or being renovated, as well as only carrying out carefully-selected highly value-creating acquisitions;
- a regular increase in its operating profitability;
- substantial cash-flow growth;
- and a corresponding decrease in its debt level.

Proposed dividend of €0.50 per share

Over the decade since the Group was first listed, ORPEA initially put the emphasis on its growth and development policy, and has only instigated a moderate dividend-distribution policy over the last three years.
ORPEA wants to adjust this policy for its shareholders who support the Group through its expansion. The Board of Directors will therefore ask the Shareholders' Meeting to approve the payment of a dividend of €0.50 per share, versus €0.23 the previous year. This thus represents a payout rate of 33% of the Group's net profit.
This decision confirms the Group's strategic intention of using its resources not only for its development, but also to reduce its debt and for the dividend distribution to its shareholders.

Doctor Jean-Claude Marian, Chairman, concludes: "*Within a stock market still characterised by substantial volatility, ORPEA, which has invested over 1.6 billion euros and created over 7,000 jobs over the last five years, is now sustainably consolidating its European leadership position. The Group has confidence in its strategic evolution combining cash-flow growth, less-active development, controlled debt and an attractive payout for its shareholders.*

Following an excellent 2011 financial year, ORPEA will continue its profitable growth momentum in 2012 through:

- *the strength of underlying trends regarding an aging population;*
- *the dedication of 23,000 staff who are strive to ensure the wellbeing and quality care of our residents and patients each and every day.*"

Next press release: revenue for the 1st quarter of 2012,
3rd May 2012, before market

About ORPEA (www.orpea-corp.com)

Listed on Euronext Paris since April 2002 and a member of the Deferred Settlement Service, the ORPEA group is the leading European player in the Long-Term Care and Post-Acute Care sectors.

As of 31st October 2011, the Group has a unique European network of healthcare facilities with 36,714 beds (30,659 of them operational) over 394 sites, including:

- 28,590 beds in France: 23,808 operational (including 2,771 being renovated) + 4,782 under construction, spread across 322 sites,
- 8,124 beds in Europe (Spain, Belgium, Italy and Switzerland): 6,850 operational (including 690 being renovated) + 1,274 under construction, spread across 72 sites.

Listed on Euronext Paris Compartment of NYSE Euronext
Member of the **CAC Mid 60** and **SBF 120** indices - Member of the **SRD**
ISIN: FR0000184798 - Reuters: **ORP.PA** - Bloomberg: **ORP FP**

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