



PRESS RELEASE

MEDICA - 2010 Annual Results

- Revenue guidance exceeded
 - Up 12.1% to €538.9 million
- Sustained high operating margins
 - EBITDAR up 12.6%, representing 26.6% of revenue
- Net profit of €23.2 million
 - Sharp improvement in the second half
- Very robust balance sheet

PARIS – 29 March 2011 – The Board of Directors of MEDICA, a leading provider of long and short-term dependency care in France, met on Monday, 28 March 2011, under the chairmanship of Jacques Bailet. At the meeting, which was attended by the Statutory Auditors, the Board approved the consolidated financial statements* for the year ended 31 December 2010.

| LEADING INDICATORS – € millions | 2010 | 2009 | % change Reported |
|--|--------------|-------|-------------------|
| Revenue | 538.9 | 480.7 | + 12.1% |
| EBITDAR | 143.3 | 127.3 | + 12.6% |
| % of revenue | 26.6% | 26.5% | |
| EBITDA | 95.0 | 84.6 | + 12.2% |
| % of revenue | 17.6% | 17.6% | |
| EBIT | 71.2 | 64.1 | + 11.1% |
| Operating profit | 68.9 | 57.8 | + 19.2% |
| Net profit/(loss) attributable to equity holders of the parent | 23.2 | -13.4 | |

Jacques Bailet, Chairman and Chief Executive Officer, said:

“We are very satisfied with the quality of our results in 2010 and, with revenue up by more than 12%, we exceeded our growth target. During the year, we increased the operated base by 1,800 beds, while maintaining a high operating margin and strengthening our balance sheet. Based on our secure expansion pipeline, our robust business performance in the first months of the year and the commitment of our teams, we are confident and now expect to increase revenue by at least 15% in 2011.”

*The consolidated financial statements have been audited. The Auditors' Report will be issued for the publication of the annual financial report.

REVENUE

Consolidated revenue amounted to €538.9 million in 2010, an increase of more than 12% compared with 2009.

Revenue by **sector** may be analysed as follows:

| At 31 December | 2010 | | 2009 | | % change Reported | Organic growth |
|--|--------------|-----------------|-------|-----------------|----------------------|-------------------|
| | €m | % of revenue | €m | % of revenue | | |
| Long-term care – France | 334.6 | 62.1% | 289.6 | 60.2% | + 15.6% | + 8.4% |
| Post-acute and psychiatric care – France | 144.2 | 26.8% | 141.4 | 29.4% | + 2.0% | + 2.0% |
| Italy | 60.1 | 11.1% | 49.7 | 10.3% | + 20.8% | + 3.2% |
| Total | 538.9 | 100.0% | 480.7 | 100.0% | + 12.1% | + 6.0% |

All of the **business segments** contributed to the robust revenue growth for the year, as follows:

- Revenue from **long-term care facilities in France** rose by 15.6% to €334.6 million, a strong performance that was led by organic growth of 8.4% and the gradual integration of facilities acquired since the beginning of the year.
- Revenue from **post-acute and psychiatric care facilities in France** increased by 2% to €144.2 million. The restructured beds delivered during the year should begin having an impact in 2011.
- Revenue from operations in **Italy** surged by nearly 21% to €60.1 million, lifted by the acquisitions made in late 2010.

Occupancy rates* remained high, at 97.0% at 31 December 2010 compared with 96.7% at 31 December 2009.

In 2010, MEDICA increased the number of beds under management by 1,804 units, to a total of 13,185 beds in 173 facilities as of 31 December.

FINANCIAL REVIEW

INCOME STATEMENT

- **EBITDAR** (EBITDA before rental expense) stood at €143.3 million, or 26.6% of revenue, versus €127.3 million and 26.5% in 2009.

External charges (other than rental expense), which include sub-contracting costs and purchases not taken into inventory, remained perfectly under control at €95.1 million or 17.7% of revenue, versus 18.0% in 2009.

Employee benefits expense rose to €246.8 million or 45.8% of revenue from €214 million and 44.5% the year before, reflecting the increasing number of medical staff in the long-term care sector.

* **Occupancy rate**: number of days billed divided by the number of billable days for facilities that have been open for more than 12 months.

EBITDAR by sector may be analysed as follows:

| EBITDAR - € millions | 2010 | 2009 | % change |
|--|--------------|-------|----------|
| Long-term care – France | 90.6 | 79.3 | + 14.3% |
| % of sector revenue | 27.1% | 27.4% | |
| Post-acute and psychiatric care – France | 37.9 | 36.3 | + 4.3% |
| % of sector revenue | 26.3% | 25.7% | |
| Italy | 14.8 | 11.7 | + 26.0% |
| % of sector revenue | 24.6% | 23.6% | |
| TOTAL | 143.3 | 127.3 | + 12.6% |
| EBITDAR margin | 26.6% | 26.5% | |

- **EBITDA** rose to €95.0 million from €84.6 million in 2009, and was stable at 17.6% of revenue. Rental expense edged up by just 0.6% at constant scope of consolidation, reflecting the favourable lease renegotiations in 2009.

- **EBIT** (corresponding to operating profit before non-recurring items) improved by around 11% to €71.2 million from €64.1 million the year before, and represented a little more than 13% of revenue.

- **Operating profit** stood at €68.9 million or 12.8% of revenue for the year, compared with 12% in 2009. It included €30.2 million in other operating income and €32.6 million in other operating expense, primarily related to the disposals of property assets during the year.

- **Net finance costs** improved sharply during the year, to €33.2 million from €80.7 million in 2009. The nominal cost of debt after hedging fell significantly to €25.5 million, from €64.8 million in 2009, reflecting the reduction by more than half in net debt and the decline in interest expense. Successful negotiations with the banks helped to narrow the average spread on debt to 1.5%. Following the set-up of interest-rate swaps, the **average cost of debt** stood at **3.2%** as from 1 January 2011.

*€350 million in fixed-rate swaps, of which €250 million expire on 30 June 2014 and €100 million on 31 December 2013.

- **Income tax expense** totalled €11.6 million, compared with a €10.4 million tax benefit in 2009.

- **Attributable net profit** ended the year at €23.2 million, versus a €13.4 million net loss in 2009. In the second half, net profit stood at €20.3 million, a clear improvement over the first-half.

BALANCE SHEET/FINANCIAL STRUCTURE

- **Property, plant and equipment** amounted to €334.3 million at 31 December 2010. The 30% of the operated facilities that are directly owned were **valued** by an independent expert at **€345 million**, or €93,000/bed, in 2010. These assets have not been measured for fair value and are still carried in the balance sheet at €273 million as of 31 December 2010.

- **Intangible assets** comprised €557.7 million in intangible non-current assets (almost entirely operating permits) and €367.4 million in goodwill. In both cases, most of these assets are primarily related to the Group's acquisition in 2006 by funds advised by BC Partners

- **Net debt** stood at €365.0 million at 31 December 2010, versus €748.6 million a year earlier. At year-end 2010, it represented 3.8 times EBITDA (unadjusted for the value of property assets) and **60% of equity**. When **adjusted for property assets, net debt amounted to 1.6 times EBITDA**.

GROWTH IN THE OPERATED BASE

In 2010, MEDICA increased the number of beds under management by 1,804 units, to a total of 13,185 beds in 173 facilities as of 31 December.

The long-term care – France sector increased the operated base to 8,810 beds from 7,636 at year-end 2009, while operations in Italy rose to 2,058 beds from 1,428 a year earlier, primarily as a result of the Laetitia acquisition.

As of 31 December 2010, MEDICA operated:

- 8,810 beds and 111 long-term care facilities in France
- 2,317 beds and 36 post-acute and psychiatric care facilities in France
- 2,058 beds and 26 facilities in Italy

EXPANSION PIPELINE

To support its expansion plan, MEDICA has a **growth pipeline** representing some **3,200 identified beds**, as follows:

- 900 operated beds being restructured.
- 2,300 beds being built.

As of 11 February 2011

OUTLOOK

For 2011, MEDICA is confident in its strategic vision and ability to grow its business.

Backed by its secure expansion pipeline, it aims to **increase revenue by 15% over the year**.

The company is also committed to maintaining its solid profitability.

INVESTOR CALENDAR

| | |
|--|--|
| First-quarter 2011 revenue: Update on business development | Tuesday, 10 May 2011 before start of trading. |
| Annual General Meeting: | Tuesday, 7 June 2011 |
| Second-quarter 2011 revenue: | Wednesday, 20 July 2011 before start of trading. |
| First-Half 2011 results: | Tuesday, 6 September 2011 before start of trading. |
| Third-quarter 2011 revenue: Update on business development | Tuesday, 18 October 2011 before start of trading. |

ABOUT MEDICA

Created in 1968, MEDICA is a leading provider of long and short-term dependency care in France. It operates in both the long-term care sector, with nursing homes in France and Italy, and in the post-acute and psychiatric care sector. In these two sectors, the MEDICA Group operated a total of around 13,800 beds and employed some 7,400 people as of 11 February 2011.

MEDICA has been listed on the NYSE Euronext Paris stock exchange since February 2010 – Compartment B – Eligible for the Deferred Settlement Service.

MEDICA is included in the CAC Mid 100, MSCI France Small Cap and Gaia indices.

MDCA – ISIN: FR0010372581 – Reuters: MDCA PA – Bloomberg: MDCA FP

Website: www.groupemedia.com

CONTACTS

INVESTOR RELATIONS

MEDICA

Christine Jeandel – Deputy Chief Executive Officer

christine.jeandel@medicafrance.fr

Mathieu Fabre – Chief Financial Officer

mathieu.fabre@medicafrance.fr

Phone: + 33 (0) 1 41 09 95 20

LT Value

Nancy Levain/Maryline Jarnoux-Sorin

Phone: + 33 (0) 1 44 50 39 30

LTvalue@LTvalue.com

MEDIA RELATIONS

Brunswick

Agnès Catineau

Phone: + 33 (0) 1 53 96 83 83

Medica@brunswickgroup.com

CONSOLIDATED INCOME STATEMENT

| In thousands of euros | 2010 | 2009 |
|--|-----------------|-----------------|
| Revenue | 538 879 | 480 727 |
| Purchases used in the business | (25 638) | (22 783) |
| External charges | (143 448) | (129 203) |
| Income and other taxes | (28 528) | (30 295) |
| Employee benefits expense | (246 812) | (214 009) |
| Other operating expense | (1 275) | (596) |
| Other operating income | 1 773 | 774 |
| EBITDA | 94 950 | 84 615 |
| Amortisation and depreciation expense | (21 998) | (18 830) |
| Impairment losses and provisions | (1 742) | (1 698) |
| EBIT | 71 210 | 64 087 |
| Gain/(loss) on disposal of available-for-sale financial assets | 0 | 8 |
| Non-recurring operating expense | (32 551) | (19 643) |
| Non-recurring operating income | 30 200 | 13 312 |
| Operating profit | 68 859 | 57 764 |
| Finance costs | (33 335) | (81 300) |
| Financial income | 131 | 624 |
| Net finance costs | (33 204) | (80 676) |
| Profit/(loss) before tax | 35 655 | (22 912) |
| Income tax benefit | (11 595) | 10 365 |
| Net profit/(loss) after tax | 24 060 | (12 546) |
| Profit/(loss) from associates | (509) | (423) |
| Net profit/(loss)I | 23 551 | (12 969) |
| Attributable to equity holders of the parent | 23 233 | (13 363) |
| Attributable to minority interests | 319 | 394 |
| Average number of shares outstanding | 43 218 304 | 7 286 040 |
| Basic loss per share (€) | 0,54 | (1,83) |
| Diluted loss per share (€) | 0,57 | (0,50) |

CONSOLIDATED BALANCE SHEET

| In thousands of euros | 2010 | 2009 |
|--|------------------|------------------|
| ASSETS | | |
| Goodwill | 367 411 | 353 122 |
| Intangible assets | 557 677 | 483 059 |
| Property, plant and equipment | 334 286 | 294 325 |
| Shares in associates | 2 149 | - |
| Other financial assets | 19 343 | 17 389 |
| Available-for-sale financial assets | 1 346 | 1 718 |
| Deferred tax assets | 361 | 1 141 |
| Derivative financial instruments | 1786 | 1 054 |
| Total non-current assets | 1 284 359 | 1 151 808 |
| Inventory and work-in-progress | 2 081 | 1 915 |
| Trade receivables | 35 293 | 29 927 |
| Tax assets | 1 670 | 1 631 |
| Other receivables | 16 754 | 12 728 |
| Other current assets | 4 528 | 6 725 |
| Cash and cash equivalents | 142 340 | 38 546 |
| Total current assets | 202 666 | 91 472 |
| Total non-current assets and disposal groups held-for-sale | | 11 244 |
| Total assets | 1 487 026 | 1 254 524 |

| In thousands of euros | 2010 | 2009 |
|---|------------------|------------------|
| LIABILITIES AND EQUITY | | |
| Share capital | 18 653 | 11 348 |
| Additional paid-in capital | 500 719 | 0 |
| Treasury shares | (1 470) | |
| Other reserves | 0 | 0 |
| Net profit/(loss) attributable to equity holders of the parent | 23 233 | (13 363) |
| Retained earnings | 63 813 | 124 266 |
| Total equity attributable to equity holders of the parent | 604 948 | 122 252 |
| Profit attributable to minority interests | 319 | 394 |
| Retained earnings attributable to minority interests | 4 677 | 2 921 |
| Total equity | 609 944 | 125 567 |
| Long-term debt | 479 975 | 393 621 |
| Employee benefit obligations | 5 473 | 4 674 |
| Liabilities related to associates with negative net worth | 950 | 292 |
| Other provisions | 7 213 | 8 534 |
| Deferred tax liabilities | 189 838 | 191 540 |
| Derivative financial instruments | | 18 889 |
| Other non-current liabilities | 23 608 | 23 061 |
| Total non-current liabilities | 707 058 | 640 612 |
| Short-term debt | 27 366 | 393 531 |
| Employee benefit obligations | 1 169 | 987 |
| Trade payables | 42 839 | 36 607 |
| Other payables | 91 354 | 56 145 |
| Derivative financial instruments | 4 673 | 0 |
| Current taxes | 2 624 | 1 075 |
| Total current liabilities | 170 025 | 488 345 |
| Total liabilities on non-current assets and disposal groups held-for-sale | | |
| Total equity and liabilities | 1 487 026 | 1 254 524 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| In thousands of euros | 2010 | 2009 |
|---|-----------------|-----------------|
| Consolidated net profit/(loss) | 23 551 | (12 969) |
| Adjustments for profit or losses from associates | 509 | 423 |
| Adjustments for depreciation, amortisation, impairment losses and provisions | 18 158 | 18 486 |
| Adjustments for fair value | (5 244) | (394) |
| Adjustments for gains or losses on disposal and dilution | (3 510) | 1 098 |
| Adjustments for dividend income | (5) | |
| Cash flow after cost of net debt and tax | 33 458 | 6 643 |
| Adjustments for security acquisition costs | 1 625 | 0 |
| Adjustments for IPO costs | 2 175 | 0 |
| Adjustments for tax expense/(benefit) | 11 595 | (10 365) |
| Adjustments for net finance costs | 36 513 | 80 449 |
| Cash flow before interest and tax | 85 367 | 76 727 |
| Change in working capital | 18 771 | 14 483 |
| Income tax paid | (4 858) | (1 370) |
| Net cash from operating activities | 99 280 | 89 840 |
| Impact of changes in scope of consolidation | (59 253) | (9 451) |
| Increase in property, plant and equipment | (41 445) | (33 836) |
| Increase in intangible assets | (1 975) | (1 260) |
| Increase in financial assets | (350) | (21) |
| (Increase)/decrease in loans and advances | (1 049) | (3 063) |
| Proceeds from disposal of property, plant and equipment and intangible assets | 22 747 | 12 392 |
| Dividend income | 5 | 0 |
| Net cash used in investing activities | (81 319) | (35 239) |
| Capital increase | 255 133 | 0 |
| Treasury shares | (1 496) | 0 |
| Issuance of debt | 484 770 | 11 398 |
| Repayment of debt | (607 973) | (15 146) |
| Net interest paid | (46 941) | (37 974) |
| Repayment of derivative financial instruments | (5 739) | 0 |
| Dividends paid to minority shareholders of subsidiaries | (97) | (112) |
| Net cash used in financing activities | 77 658 | (41 834) |
| Net increase/(decrease) in cash and cash equivalents | 95 619 | 12 767 |
| Net cash and cash equivalents at beginning of year | 34 403 | 21 636 |
| Net cash and cash equivalents at end of year | 130 022 | 34 403 |
| Net increase (decrease) in cash and cash equivalents | 95 619 | 12 767 |