



PRESS RELEASE

MEDICA: First-Half 2011 Results

- High EBITDAR margin of 26%
- Strong increase in net profit to €20.7 million, or 6.9% of revenue
- 2011 revenue growth target revised upward to 17%

PARIS – 6 September 2011 – The Board of Directors of MEDICA, a leading provider of long and short-term dependency care in France, met on Monday, 5 September 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 period ended 30 June 2011.

LEADING INDICATORS - € millions	H1 2011	H1 2010	% change Reported
Revenue	300.7	259.1	+ 16.0%
EBITDAR	78.2	66.8	+ 17.1%
% of revenue	26.0%	25.8%	
EBITDA	49.5	43.3	+ 14.2%
% of revenue	16.5%	16.7%	
Operating profit	41.3	29.9	+ 38.0%
% of revenue	13.7%	11.6%	
Net profit attributable to equity holders of the parent	20.7	2.9	x 7
% of revenue	6.9%	1.1%	

*The consolidated interim financial statements have been the subject of a limited review by the Auditors, whose report will be issued for the publication of the interim financial report.

Jacques Bailet, Chairman and Chief Executive Officer, said:

"MEDICA's good first-half performance reflects our strategy of carefully managed growth, which has been effectively implemented thanks to the commitment and energy of our teams. During the period, the Group recorded a significant increase in revenue, improved its operating profitability and achieved strong growth in net profit, with a net profit margin of nearly 7%. We are confident in the business outlook for the months ahead and have revised our full-year revenue growth target upward to 17%."

REVENUE

Consolidated revenue amounted to €300.7 million in the first half of 2011, representing a 16% increase over the first six months of 2010. Organic growth for the period came to 6.8%. Second-quarter revenue rose by 17.2% over the prior-year period, led by the ramp-up of recent acquisitions.

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

REVENUE BY SECTOR	H1 2011		H1 2010		% change Reported	Organic growth
	€m	% of revenue	€m	% of revenue		
Long-term care France	182.8	60.8%	160.8	62.1%	+ 13.7%	+ 6.8%
Post-acute and psychiatric care France	79.8	26.5%	71.6	27.6%	+ 11.4%	+ 7.9%
Italy	38.1	12.7%	26.6	10.3%	+ 43.0%	+ 3.9%
Total	300.7	100.0%	259.1	100.0%	+ 16.0%	+ 6.8%

All of the **business segments** saw double-digit growth in revenue in the first half.

- Revenue from **long-term care facilities in France** totalled €182.8 million, an increase of 13.7% as reported and 6.8% in organic growth.
- Revenue from **post-acute and psychiatric care facilities in France** rose by 11.4% to €79.8 million, led by organic growth of 7.9% directly related to restructuring programmes in the segment.
- Revenue from operations in **Italy** surged 43% over the prior-year period to €38.1 million. Most of the increase resulted from the Laetitia acquisition in late 2010.

Occupancy rates* at 30 June 2011 were relatively stable at 96.9%, reflecting MEDICA's ability to deploy an effective marketing strategy for its recently acquired or created facilities.

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

FINANCIAL REVIEW

INCOME STATEMENT

- **EBITDAR** (EBITDA before rental expense) increased by 17.1% from the prior-year period to €78.2 million and represented 26% of revenue, versus 25.8% the year before.
- **Employee benefits expense** – the Group's largest expense – stood at €136.9 million or 45.5% of revenue, versus 46.6% in the prior-year period, reflecting MEDICA's ability to keep costs under control.
- **External charges** (other than rental expense) amounted to €57 million or 19% of revenue, versus 17.5% in the prior-year period. The increase stemmed primarily from business growth in Italy, where a significant portion of facility services are provided by social cooperatives.

EBITDAR by sector may be analysed as follows:

EBITDAR - € millions	H1 2011	H1 2010	% change
Long-term care - France	47.0	41.9	+ 12.1%
% of sector revenue	25.7%	26.0%	
Post-acute and psychiatric care - France	21.7	18.3	+ 19.1%
% of sector revenue	27.3%	25.5%	
Italy	9.5	6.6	+ 43.2%
% of sector revenue	24.9%	24.8%	
TOTAL	78.2	66.8	+ 17.1%
EBITDAR margin	26.0%	25.8%	

Margins from long-term care in France and from Italy were more or less in line with first-half 2010, while margins from post-acute and psychiatric care in France rose sharply thanks to the delivery of restructured beds.

- **EBITDA** increased by 14.2% from the year-earlier period to €49.5 million, or 16.5% of revenue. **Rental expense** rose by €5.3 million, of which €5 million reflected changes in the scope of consolidation. Factoring out these changes, growth in rental expense was kept under control at 1.3% thanks to the indexing clauses negotiated with property owners.

- Recurring operating profit improved by 14.4% to €37.8 million. **Operating profit** stood at €41.3 million versus €29.9 million the year before and **operating margin** widened significantly to 13.7% from 11.6% in first-half 2010.

Non-recurring operating income (€44.7 million) reflected the proceeds from property asset disposals during the first half, while non-recurring operating expense (€41.2 million) primarily included the net book value of the property assets sold and facility restructuring costs.

- **Net finance costs** improved thanks to a sharp decrease in interest expense following debt renegotiation.

- **Net profit** for the first half rose strongly to **€20.7 million, or nearly 7% of revenue.**

BALANCE SHEET/FINANCIAL STRUCTURE

- **Property, plant and equipment** amounted to €342.3 million at 30 June 2011, of which €299.1 million in land, buildings and assets under construction.

- **Intangible assets**, in an amount of €982.5 million, comprised €553.9 million in operating permits and €424.6 million in goodwill. In both cases, these assets are notably related to the Group's acquisition in 2006 by funds advised by BC Partners.

- **Net debt** stood at €425.1 million at 30 June 2011, versus €365 million at 31 December 2010. During the first half, MEDICA pursued its strategy of expanding and maintaining its network, with net capital expenditure of €68.2 million.

The Group also increased its financing capabilities by a total €300 million while negotiating less stringent bank covenants and gaining additional headroom with regard to its property loans.

UPDATE ON BUSINESS DEVELOPMENT SINCE 1 JANUARY 2011

▪ ACQUISITIONS - NEW BEDS - RESTRUCTURING

Since 1 January 2011, MEDICA has **acquired 2,195 beds**, most of them in the **Long-Term Care – France** and **Post-acute and Psychiatric Care – France** segments.

In particular, these acquisitions enabled the Group to strengthen its presence in the long-term care segment in the greater southwest France region, while broadening its positions in the psychiatric care segment.

During the period, the Group opened 390 long-term care beds and took delivery of 230 restructured post-acute and psychiatric care beds.

As of 6 September 2011

▪ FORECAST OPENINGS

By the end of the year, MEDICA expects to open around 360 more beds, bringing the total in the long-term care segment to approximately 750 for the year.

NETWORK AS OF 6 SEPTEMBER 2011

As of 6 September 2011, MEDICA operated a **portfolio of 15,177 beds in 198 facilities**:

- Long-term care facilities in France: 10,549 beds and 134 facilities.
- Post-acute and psychiatric care facilities in France: 2,523 beds and 37 facilities.
- Italy: 2,105 beds and 27 facilities.

EXPANSION PIPELINE AS OF 6 SEPTEMBER 2011

To support its expansion plan, MEDICA has a **growth pipeline** representing some **2,900 identified beds**, as follows:

- 900 operated beds being restructured.
- 2,000 beds being built.

OUTLOOK

MEDICA is particularly confident in its ability to pursue its growth strategy and maintain a solid level of profitability.

In light of the business growth already achieved and the existing network, MEDICA now anticipates **revenue growth of 17% for full-year 2011**.

INVESTOR CALENDAR

Third-quarter 2011 revenue: 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 Group operated a total of around 15,100 beds and employed more than 8,000 people as of 6 September 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 MSCI France Small Cap, CAC Small and Gaia indices.

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

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CONSOLIDATED INCOME STATEMENT

In thousands of euros	6 months	
	30.06.2011	30.06.2010
Revenue	300 658	259 088
Purchases used in the business	(13 658)	(12 485)
External charges	(85 683)	(68 847)
Income and other taxes	(15 535)	(14 003)
Employee benefits expense	(136 901)	(120 845)
Other operating expense	(513)	(362)
Other operating income	1 127	778
EBITDA	49 495	43 323
Amortisation and depreciation expense	(11 953)	(9 998)
Impairment losses and provisions	272	(280)
Recurring operating profit	37 813	33 045
Gain/(loss) on disposal of available-for-sale financial assets	0	0
Non-recurring operating expense	(41 166)	(9 864)
Non-recurring operating income	44 665	6 764
Operating profit	41 312	29 945
Finance costs	(10 779)	(24 603)
Financial income	165	60
Net finance costs	(10 614)	(24 543)
Profit before tax	30 698	5 402
Income tax	(9 629)	(2 215)
Net profit after tax	21 069	3 188
Profit/(loss) from associates	(200)	(214)
Net profit	20 869	2 974
Attributable to equity holders of the parent	20 665	2 894
Attributable to minority interests	204	80
Average number of shares outstanding	47 796 180	38 428 291
Basic earnings per share (€)	0.43	0.08
Diluted earnings per share (€)	0.43	0.13

CONSOLIDATED BALANCE SHEET

In thousands of euros	30.06.2011	31.12.2010
ASSETS		
Goodwill	424 560	367 411
Intangible assets	557 927	557 677
Property, plant and equipment	342 307	334 286
Shares in associates	2 224	2 149
Other financial assets	23 499	19 343
Available-for-sale financial assets	1 394	1 346
Deferred tax assets	339	361
Derivative financial instruments	4 390	1 786
Total non-current assets	1 356 640	1 284 359
Inventory and work-in-progress	2 982	2 081
Trade receivables	40 690	35 293
Tax assets	2 134	1 670
Other receivables	21 807	16 754
Other current assets	6 149	4 528
Cash and cash equivalents	174 001	142 340
Total current assets	247 763	202 666
Total non-current assets and disposal groups held-for-sale	5 530	
Total assets	1 609 934	1 487 026

In thousands of euros	30.06.2011	31.12.2010
LIABILITIES AND EQUITY		
Share capital	18 653	18 653
Additional paid-in capital	490 853	500 719
Treasury shares	(1 574)	(1 470)
Other reserves	0	0
Net profit attributable to equity holders of the parent	20 665	23 233
Retained earnings	94 601	63 813
Total equity attributable to equity holders of the parent	623 199	604 948
Profit attributable to minority interests	204	319
Retained earnings attributable to minority interests	4 089	4 677
Total equity	627 492	609 944
Long-term debt	580 289	479 975
Employee benefit obligations	6 151	5 473
Liabilities related to associates with negative net worth	1 225	950
Other provisions	7 805	7 213
Deferred tax liabilities	201 605	189 838
Derivative financial instruments		
Other non-current liabilities	24 607	23 608
Total non-current liabilities	821 683	707 058
Short-term debt	22 172	27 366
Employee benefit obligations	1 647	1 169
Trade payables	44 742	42 839
Other payables	88 072	91 354
Derivative financial instruments	0	4 673
Current taxes	1 933	2 624
Total current liabilities	158 566	170 025
Total liabilities on non-current assets and disposal groups held-for-sale	2 193	
Total equity and liabilities	1 609 934	1 487 026

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	6 months		12 months
	30.06.2011	30.06.2010	31.12.2010
Consolidated net profit	20 869	2 974	23 551
Adjustments for profit or losses from associates	200	214	509
Adjustments for depreciation, amortisation, impairment losses and provisions	12 603	10 005	18 158
Adjustments for fair value	1 109	(1 760)	(5 244)
Adjustments for gains or losses on disposal and dilution	(9 764)	(2 819)	(3 510)
Adjustments for dividend income	(23)		(5)
Cash flow after cost of net debt and tax	24 994	8 614	33 458
Adjustments for security acquisition costs	1 654		1 625
Adjustments for IPO costs			2 175
Adjustments for tax expense	9 643	2 215	11 595
Adjustments for net finance costs	8 836	25 043	36 513
Cash flow before interest and tax	45 126	35 872	85 367
Change in working capital	(4 953)	(10 166)	18 771
Income tax paid	(3 018)	(314)	(4 858)
Net cash from operating activities	37 156	25 392	99 280
Impact of changes in scope of consolidation	(65 075)	(23 511)	(59 253)
Increase in property, plant and equipment	(45 586)	(22 419)	(41 445)
Increase in intangible assets	(1 682)	(670)	(1 975)
Increase in financial assets	(0)	(271)	(350)
(Increase)/decrease in loans and advances	(245)	(242)	(1 049)
Proceeds from disposal of property, plant and equipment and intangible assets	44 386	3 796	22 747
Dividend income	23	0	5
Net cash used in investing activities	(68 179)	(43 317)	(81 319)
Capital increase	0	257 372	255 133
Treasury shares	(104)	(1 144)	(1 496)
Issuance of debt	95 551	360 182	484 770
Repayment of debt	(10 449)	(579 778)	(607 973)
Net interest paid	(8 807)	(35 861)	(46 941)
Repayment of derivative financial instruments	(4 735)	(5 739)	(5 739)
Dividends paid to minority shareholders of subsidiaries	(4 782)	(34)	(97)
Net cash used in financing activities	66 674	(5 003)	77 658
Net increase/(decrease) in cash and cash equivalents	35 651	(22 929)	95 619
Net cash and cash equivalents at beginning of year	130 022	34 403	34 403
Net cash and cash equivalents at end of year	165 674	11 475	130 022
Net increase (decrease) in cash and cash equivalents	35 651	(22 929)	95 619