PRESS RELEASE

MEDICA – 2011 Annual Results

VERY GOOD PERFORMANCE IN 2011

- Strong growth in revenue – up 17.3% to €632.1 million
- 100-bp improvement in operating margin, to 13.8%
- Significant increase in net profit – up 78.4% to €42 million

SUSTAINED GROWTH IN 2012

- Broad and deep pipeline, with 3,100 beds being built or restructured
- Solid balance sheet structure

(PARIS – 27 March 2012) – The Board of Directors of MEDICA, a leading provider of long and short-term dependency care in France, met on Monday, 26 March 2012, 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 2011.

LEADING INDICATORS – € millions	**2011**	**2010**	**% change** Reported
Revenue	**632.1**	538.9	+ 17.3%
EBITDAR	**168.3**	143.3	+ 17.4%
EBITDAR margin	26.6%	26.6%	
EBITDA	**108.4**	95.0	+ 14.2%
EBITDA margin	17.2%	17.6%	
Operating profit	**87.0**	68.9	+ 26.3%
Operating margin	13.8%	12.8%	
Net profit	**42.0**	23.6	+ 78.4%
Net margin	**6.6%**	4.4%	
Attributable to equity holders of the parent	**41.5**	23.2	

Jacques Bailet, Chairman and Chief Executive Officer, said:

"2011 was a good year for MEDICA, during which we drove strong, balanced growth while delivering good operating profitability, maintaining a solid balance sheet, and generating a robust increase in net profit. These good results have validated the effectiveness of our business model. Backed by the quality of our teams, reinforced financial capabilities and broad, deep pipeline of beds being built or restructured, we are confident in our potential for successfully pursuing our profitable, carefully controlled growth."

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

REVENUE

- **Consolidated revenue** rose by 17.3% year-on-year to €632.2 million in 2011. **Organic growth stood at 7.2% for the year**, reflecting the beds built and restructured in 2011 and an assertive marketing strategy supported by the quality of delivered services.

  This solid improvement was led by a good performance in every **business segment**.
  - Revenue from **long-term care facilities in France** rose by 17.1% to €391.9 million, driven by robust 7.2% organic growth and the acquisition of new facilities during the year. MEDICA also pursued its strategy of actively opening new facilities, with nearly 780 beds delivered in 2011.
  - Revenue from **post-acute and psychiatric care facilities in France** climbed a sharp 12.6% year-on-year to €162.4 million, lifted by the delivery of 230 restructured beds during the year.
  - Revenue from operations in **Italy** rose by more than 29% year-on-year to €77.8 million, thanks to the successful integration of Laetitia after its acquisition in late 2010.

- **Occupancy rates*** remained at a high 96.9% at 31 December 2011.

- As of 31 December 2011, MEDICA operated a portfolio of **15,395 beds** in **201 facilities**:
  - Long-term care – France: 10,767 beds and 137 facilities.
  - Post-acute and psychiatric care – France: 2,523 beds and 37 facilities.
  - Italy: 2,105 beds and 27 facilities.

- To support its future expansion plan, MEDICA had a **growth pipeline** representing **3,122 beds at 31 December 2011**, as follows:
  - 1,346 beds being restructured.
  - 1,776 beds being built.

- From 1 January 2012 until the date of this press release, 333 newly built beds were delivered and 185 others were acquired in the Long-term care – France segment.

FINANCIAL REVIEW

INCOME STATEMENT

- **EBITDAR** (EBITDA before rental expense) stood at €168.3 million, or 26.6% of revenue, versus €143.3 million in 2010.

Thanks to efficient management, employee benefits expense was held to 45.2% of revenue (€285.8 million) versus 45.8% (€246.8 million) the year before.

EBITDAR by sector may be analysed as follows:

EBITDAR - € MILLIONS	**2011**	2010	% change
Long-term care – France	**104,2**	90,6	+ 15,0%
% of sector revenue	26,6%	27,1%	
Post-acute and psychiatric care – France	**44,5**	37,9	+ 17,6%
% of sector revenue	27,4%	26,3%	
Italy	**19,5**	14,8	+ 32,3%
% of sector revenue	25,1%	24,6%	
TOTAL	**168,3**	143,3	+ 17,4%
EBITDAR margin	**26,6%**	26,6%	

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

Margins from long-term care in France remained high even as the operated portfolio increased by nearly 2,000 beds during the year. Margins from post-acute and psychiatric care in France continued to improve, led by the delivery of restructured beds over the period. Margins also continued to widen in Italy, lifted by the synergies developed with Laetitia.

- **EBITDA** increased by 14.2%, to €108.4 million from €95.0 million, and stood at 17.2% of revenue. Rental expense rose by €11.5 million, mainly as a result of changes in the scope of consolidation. Factoring out these changes, favourable indexing clauses in the leases kept growth under control at 1.7% for the year.

- Recurring operating profit improved by 15.1% to €81.9 million from €71.2 million in 2010. Operating profit rose to €87 million from €68.9 million the year before, **for an operating margin of 13.8%, up one point on 2010.** Non-recurring operating income (€82 million) reflected the proceeds from property asset disposals during the year, while non-recurring operating expense (€77 million) primarily included the net book value of the property assets sold and facility restructuring costs.

- **Net finance costs** came to €22 million for the year, including €14.9 million in net interest expense, €3.1 million in swap costs related to the Group's hedging policy and €4.0 million in other expense, primarily related to the amortised cost.

- **Net profit** for the year amounted to €42 million, up nearly 80% on 2010.

BALANCE SHEET/FINANCIAL STRUCTURE

The carrying value of **net property assets** stood at €317 million at 31 December 2011, while land and buildings under construction and operated property assets* amounted to a total €387 million at year-end (€95,000 per bed).

Intangible assets, in an amount of €643.7 million, were almost entirely comprised of operating permits and €418.7 million in goodwill. These two items primarily related to the 2006 LBO, for a total of €495 million

Net debt ended the year at €433 million, versus €365 million at 31 December 2010. At year-end 2011, it represented 68% of equity, or leverage** of 2.9x.

During the year, MEDICA increased its financing capacity on favourable terms and conditions, by increasing the **total amount of its financing facilities to €600 million**.

The Company also has access to a **further €300 million in financing to support growth**, with an undrawn €150 million revolving line of credit and an additional €150-million basket of bilateral debt facilities for property transactions.

2011 DIVIDEND

In the light of the clear improvement in earnings and confidence in the future, shareholders at the Annual Meeting next 26 June will be asked to approve the payment of a dividend of €0.26 per share.

GOVERNANCE

The Board of Directors has appointed as member Anne Lalou, who also sits on the Boards of Eurazeo and the Foncia Group.

*According to an independent appraisal by Catella Valuation

**Leverage = (Debt – property debt)/(EBITDA – 6.5% x property debt)

OUTLOOK

Thanks to the quality of its operated portfolio at 31 December 2011, its growth pipeline and its secured expansion projects, MEDICA already has embedded revenue growth of at least 13% in 2012. Backed by its solid 2011 results, MEDICA intends to pursue its carefully managed growth strategy and maintain its high margins.

INVESTOR CALENDAR

First-quarter 2012 revenue: Thursday, 10 May 2012 before start of trading.

Second-quarter 2012 revenue: Tuesday, 17 July 2012 before start of trading.

First-half 2012 results: Tuesday, 11 September 2012 before start of trading.

Third-quarter 2012 revenue: Tuesday, 16 October 2012 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 15,400 beds and employed more than 8,500 people as of 31 December 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 SBF 120, Euronext CAC Healthcare, MSCI France Small Cap and Gaia indices.
MDCA – ISIN: FR0010372581 – Reuters: MDCA PA – Bloomberg: MDCA FP
Website: www.groupmedica.com

CONTACTS

INVESTOR RELATIONS
MEDICA
Christine Jeandel – Deputy Chief Executive Officer
christine.jeandel@medica.fr

Mathieu Fabre – Chief Financial Officer
mathieu.fabre@medica.fr
Phone: + 33 (0) 1 41 09 95 20

LT Value
Nancy Levain

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	**2011**	**2010**
Revenue	**632,095**	**538,879**
Purchases used in the business	(29,337)	(25,638)
External charges	(179,454)	(143,448)
Income and other taxes	(32,130)	(28,528)
Employee benefits expense	(285,834)	(246,812)
Non-recurring operating expense	(3,827)	(1,275)
Non-recurring operating income	6,929	1,773
EBITDA	**108,440**	**94,950**
Amortisation and depreciation expense	(24,206)	(21,998)
Impairment losses and provisions	(2,305)	(1,742)
Recurring operating profit	**81,930**	**71,210**
Gain/(loss) on disposal of available-for-sale financial assets	0	0
Non-recurring operating expense	(76,851)	(32,551)
Non-recurring operating income	81,899	30,200
Operating profit	**86,979**	**68,859**
Finance costs	(22,580)	(33,335)
Financial income	590	131
Net finance costs	**(21,990)**	**(33,204)**
Profit before tax	**64,989**	**35,655**
Income tax benefit	(22,586)	(11,595)
Net profit after tax	**42,402**	**24,060**
Profit/(loss) from associates	(395)	(509)
Net profit	**42,007**	**23,551**
Attributable to equity holders of the parent	41,501	23,233
Attributable to non-controlling interests	507	319
Average number of shares outstanding	47,904,187	43,218,304
Basic earnings per share (€)	0.87	0.54
Diluted earnings per share (€)	0.87	0.57

BALANCE SHEET

in € thousands	2011	2010
ASSETS		
Goodwill	418,670	367,411
Intangible assets	643,713	557,677
Property, plant and equipment	367,944	334,286
Shares in associates	2,257	2,149
Other financial assets	22,478	19,343
Available-for-sale financial assets	1,100	1,346
Deferred tax liabilities	2,365	361
Other non-current assets	24	
Derivative financial instruments	3	1,786
Total non-current assets	**1,458,556**	**1,284,359**
Inventory and work-in-progress	2,100	2,081
Trade receivables	41,783	35,293
Tax assets	2,685	1,670
Other receivables	32,312	16,754
Other current assets	15,334	4,528
Cash and cash equivalents	163,794	142,340
Total current assets	**258,007**	**202,666**
Total non-current assets and disposal groups held-for-sale	24,898	
Total assets	**1,741,460**	**1,487,026**

in € thousands	2011	2010
EQUITY AND LIABILITIES		
Share capital	18,653	18,653
Additional paid-in capital	490,853	500,719
Treasury shares	(1,928)	(1,470)
Other reserves	0	0
Net profit attributable to equity holders of the parent	41,501	23,233
Retained earnings	87,290	63,813
Total equity attributable to equity holders of the parent	**636,370**	**604,948**
Profit attributable to non-controlling interests	507	319
Retained earnings attributable to non-controlling interests	3,762	4,677
Total equity	**640,638**	**609,944**
Long-term debt	574,747	479,975
Employee benefit obligations	6,924	5,473
Liabilities related to associates with negative net worth	1,453	950
Other provisions	13,045	7,213
Deferred tax liabilities	231,063	189,838
Derivative financial instruments		
Other non-current liabilities	24,362	23,608
Non-current liabilities	**851,593**	**707,058**
Short-term debt	25,972	27,366
Employee benefit obligations	1,068	1,169
Trade payables	71,482	42,839
Other payables	103,813	91,354
Other provisions	442	0
Derivative financial instruments	7,486	4,673
Current taxes	14,068	2,624
Current liabilities	**224,331**	**170,025**
Total liabilities on non-current assets and disposal groups held-for-sale	24,898	,
Total equity and liabilities	**1,741,460**	**1,487,026**

CONSOLIDATED STATEMENT OF CASH FLOWS

in € thousands	2011	2010
Consolidated net profit	42,007	23,551
Adjustments for profit or losses from associates	395	509
Adjustments for depreciation, amortisation, impairment losses and provisions	28,532	18,158
Adjustments for fair value	2,051	(5,244)
Adjustments for gains or losses on disposal and dilution	(19,353)	(3,510)
Adjustments for dividend income	(13)	(5)
Cash flow after cost of net debt and tax	**53,620**	**33,458**
Adjustments for security acquisition costs	2,625	1,625
Adjustments for IPO costs		2,175
Adjustments for tax expense	22,586	11,595
Adjustments for net finance costs	18,907	36,513
Cash flow before interest and tax	**97,738**	**85,367**
Change in working capital	(7,748)	18,771
Income tax paid	(8,856)	(4,858)
Net cash from operating activities	**81,135**	**99,280**
Impact of changes in scope of consolidation	(106,634)	(59,253)
Increase in property, plant and equipment	(99,016)	(41,445)
Increase in intangible assets	(3,423)	(1,975)
Increase in financial assets	(91)	(350)
Increase)/decrease in loans and advances	(379)	(1,049)
Proceeds from disposal of property, plant and equipment and intangible assets	80,671	22,747
Dividend income	13	5
Net cash used in investing activities	**(128,860)**	**(81,319)**
Issuance of shares	0	255,133
Treasury shares	(458)	(1,496)
Issuance of debt	95,785	484,770
Repayment of debt	(21,500)	(607,973)
Net interest paid	(19,289)	(46,941)
Repayment of derivative financial instruments	(4,735)	(5,739)
Dividends paid to shareholders	(4,782)	0
Dividends paid to minority shareholders of subsidiaries	(485)	(97)
Net cash used in financing activities	**44,537**	**77,658**
Net increase/(decrease) in cash and cash equivalents	**(3,189)**	**95,619**
Net cash and cash equivalents at beginning of year	130,022	34,403
Net cash and cash equivalents at end of year	126,833	130,022
Net increase/(decrease) in cash and cash equivalents	**(3,189)**	**95,619**