



PRESS RELEASE

## MEDICA: First-Half 2012 Results

- Strong performance in first-half 2012
  - Revenue up 16.1%
  - Faster organic growth, up 9.8%
  - Firm profitability
    - EBITDAR: €91.3 million, up 16.7%
    - Attributable net profit: €24.2 million, up 16.9%
- Robust balance sheet with gearing of 71%

**PARIS – 11 September 2012** – The Board of Directors of MEDICA, a leading provider of long and short-term dependency care in France, met yesterday 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 2012.

LEADING INDICATORS – € millions	H1 2012	H1 2011	Reported growth
Revenue	<b>349.0</b>	300.7	+ 16.1%
EBITDAR	<b>91.3</b>	78.2	+ 16.7%
EBITDAR margin	26.2%	26.0%	
EBITDA	<b>56.6</b>	49.5	+ 14.3%
EBITDA margin	16.2%	16.5%	
Operating profit	<b>49.6</b>	41.3	+ 20.1%
Operating margin	14.2%	13.7%	
Net profit attributable to equity holders of the parent	<b>24.2</b>	20.7	+ 16.9%
Net margin	6.9%	6.9%	

\*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 first-half results are very satisfactory. Our sustained revenue growth, strong margins and robust balance sheet demonstrate once again the validity of our strategy of profitable, carefully managed growth. We are confident in our ability to meet the targets announced for full-year 2012."

**Consolidated revenue** amounted to €349.0 million in the first half of 2012, representing a 16.1% increase over the first six months of 2011. Organic growth stood at 9.8%, up sharply from the 6.8% reported a year earlier.

REVENUE BY SECTOR	H1 2012		H1 2011		Reported growth	Organic growth
	€m	% of revenue	€m	% of revenue		
Long-term care – France	<b>221.0</b>	63.3%	182.8	60.8%	<b>+ 20.9%</b>	+ 11.3%
Post-acute and psychiatric care – France	<b>89.5</b>	25.6%	79.8	26.5%	<b>+ 12.2%</b>	+ 11.2%
Italy	<b>38.4</b>	11.0%	38.1	12.7%	<b>+ 0.9%</b>	- 0.3%
<b>Total</b>	<b>349.0</b>	100.0%	300.7	100.0%	<b>+ 16.1%</b>	+ 9.8%

Both the **long-term care** and **post-acute and psychiatric care** sectors in France delivered solid gains over the period, while business was generally flat in Italy.

- Revenue from **long-term care facilities in France** rose by nearly 21% year-on-year to €221.0 million. This sharp increase was led by the consolidation of facilities acquired over the past 12 months and by the solid 11.3% organic growth driven by the ramp-up of facilities opened in 2011 and the impact of rate increases. During the first half, MEDICA acquired two facilities totalling 120 beds and opened around 600 beds.
- Revenue from **post-acute and psychiatric care facilities in France** came to €89.5 million, versus €79.8 million in first-half 2011. This represented an increase of 12.2% as reported and of 11.2% on an organic basis. The good performance reflected the strong demand over the period, the higher rates at the more specialised facilities and the offer of a broader range of related services. A 94-bed facility was acquired during the period.
- Revenue from operations in **Italy**, which accounted for 11% of the consolidated total, came to €38.4 million, similar to the prior-year period. There were no changes in the scope of consolidation over the first six months.

The average **occupancy rate\*** remained stable, at a high 96.5% as of 30 June 2012:

- 96.8% in France
- 94.8% in Italy

## FINANCIAL REVIEW

### INCOME STATEMENT

- **EBITDAR** (EBITDA before facility rental expense) stood at €91.3 million, up 16.7% from the prior-year period. It represented 26.2% of revenue, compared with 26% at 30 June 2011 and 25.8% at 30 June 2010.
- **Employee benefits expense** – the Group's largest expense – stood at €160.2 million versus €136.9 million in first-half 2011. This 17% increase was fully in line with revenue growth, illustrating once again MEDICA's ability to carefully manage its human resources.

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

- **External charges** (other than facility rental expense) amounted to €62.7 million or 18% of revenue, versus 19% in the prior-year period. The year-on-year decline as a percentage of revenue reflected the commitment to controlling these outlays, which primarily comprise sub-contracting costs.

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

<b>EBITDAR - € millions</b>	<b>H1 2012</b>	H1 2011	% change
Long-term care – France	<b>56.8</b>	47.0	+ 20.9%
% of sector revenue	25.7%	25.7%	
Post-acute and psychiatric care – France	<b>25.0</b>	21.8	+ 15.1%
% of sector revenue	28.0%	27.3%	
Italy	<b>9.4</b>	9.5	-0.4%
% of sector revenue	24.5%	24.9%	
<b>TOTAL</b>	<b>91.3</b>	78.2	+ 16.7%
Net margin	<b>26.2%</b>	26.0%	

Margins in the post-acute and psychiatric care in France business widened noticeably thanks to a well-executed programme to restructure and specialise facilities. Margins in the long-term care in France business, which has opened more than 1,300 beds over the past 18 months, remained high at 25.7%, reflecting the Group's ability to promote the quality locations and services of recently opened facilities.

- **EBITDA** increased by 14.3% from the prior-year period to €56.6 million, or 16.2% of revenue. **Rental expense** grew in line with the operated portfolio and amounted to €34.7 million, or 9.9% of revenue. On a like-for-like basis, growth in rental expense was kept under control at 1.7% thanks to the indexing clauses negotiated with property owners.

- **Recurring operating profit** improved by 17.5% to €44.4 million from €37.8 million in first-half 2011. **Operating profit** rose to €49.6 million from €41.3 million in the prior-year period. Non-recurring operating income (€38.7 million) reflected the proceeds from property asset disposals during the first half, while non-recurring operating expense (€33.5 million) primarily included the net book value of the property assets sold and facility restructuring costs. As a result, **operating margin** rose strongly to 14.2% from 13.7% in first-half 2011.

- **Net finance costs** were kept under control, at €9.5 million versus €10.6 million in the first six months of 2011.

- **Net profit** ended the period at €24.2 million, up 16.9%, and represented 6.9% of revenue, unchanged from first-half 2011 despite the 67% increase in income tax expense. The latter reflected the rise in the effective tax rate to 40% from 31% in first-half 2011, when it was lowered by the favourable tax impact of certain property asset disposals during the period.

## BALANCE SHEET/FINANCIAL STRUCTURE

▪ **Net debt** at 30 June 2012 amounted to €465 million, of which €128 million in property debt, compared with €433 million and €141 million in property debt at 31 December 2011.

Over the period, MEDICA pursued its growth strategy based on selective acquisitions and the opening of new facilities, leading to the **net investment** of €33 million.

▪ **Leverage\*** remained almost unchanged at 3.1x versus 2.9x at 31 December 2011, while **gearing** held firm at 71%.

▪ **Property, plant and equipment** amounted to €395 million at 30 June 2012, of which €339 million in land, buildings and assets under construction.

▪ **Intangible assets**, in an amount of €1,075 million, were almost entirely comprised of operating permits and goodwill. These two items primarily relate to the 2006 LBO, for a total of €495 million.

## OPERATED PORTFOLIO AT 30 JUNE 2012

As of 30 June 2012, MEDICA operated a portfolio of **16,215 beds** in **213 facilities**.

- Long-term care facilities in France: 11,493 beds and 148 facilities.
- Post-acute and psychiatric care facilities in France: 2,617 beds and 38 facilities.
- Italy: 2,105 beds and 27 facilities.

## ORGANIC GROWTH PIPELINE

To support its future expansion plan, MEDICA has an **organic growth pipeline** representing, as of 30 June 2012, **3 122 identified beds**, as follows:

- 1,776 beds being built, of which:
  - 850 will be opened in 2012 (606 already integrated in the first-half)
- 1,346 beds being restructured, of which:
  - 390 will be delivered in 2012 (249 already delivered in the first-half)

This pipeline offers MEDICA clear visibility over its organic growth potential for the next three years.

## GUIDANCE

Based on its first-half results and growth pipeline, MEDICA remains confident in its ability to maintain its solid EBITDAR margin over the entire year and in its revenue growth targets of at least 8% organic growth and 13% overall.

\* **Leverage** = (net debt – property debt) / (EBITDA – (6,5% X property debt ))

## **INVESTOR CALENDAR**

**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 16,215 beds and employed close to 9,150 people as of 30 June 2012.

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

On 6 September 2012, the Index Steering Committee announced that the MEDICA share has been added to the SBF 120 index, effective at start of trading on Monday, 24 September. MEDICA is also included in the Euronext CAC Healthcare, MSCI France Small Cap and Gaia indices.

MDCA – ISIN: FR0010372581 – Reuters: MDCA PA – Bloomberg: MDCA FP  
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## **CONTACTS**

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## CONSOLIDATED INCOME STATEMENT

In € thousands	Six months	
	30 June 2012	30 June 2011
<b>Revenue</b>	<b>348,984</b>	<b>300,658</b>
Purchases used in the business	(18,058)	(13,658)
External charges	(97,364)	(85,683)
Income and other taxes	(16,991)	(15,535)
Employee benefits expense	(160,195)	(136,901)
Other operating expense	(835)	(513)
Other operating income	1,036	1,127
<b>EBITDA</b>	<b>56,578</b>	<b>49,495</b>
Amortisation and depreciation expense	(13,422)	(11,953)
Impairment losses and provisions	1,265	272
<b>Recurring operating profit</b>	<b>44,421</b>	<b>37,813</b>
Gain/(loss) on disposal of available-for-sale financial assets	0	0
Non-recurring operating expense	(33,504)	(41,166)
Non-recurring operating income	38,652	44,665
<b>Operating profit</b>	<b>49,569</b>	<b>41,312</b>
Finance costs	(9,912)	(10,779)
Financial income	428	165
<b>Net finance costs</b>	<b>(9,484)</b>	<b>(10,614)</b>
<b>Profit before tax</b>	<b>40,085</b>	<b>30,698</b>
Income tax expense	(16,023)	(9,629)
<b>Net profit after tax</b>	<b>24,062</b>	<b>21,069</b>
Profit/(loss) from associates	66	(200)
<b>Net profit</b>	<b>24,128</b>	<b>20,869</b>
Attributable to equity holders of the parent	24,152	20,665
Attributable to non-controlling interests	(24)	204
Average number of shares outstanding	47,750,600	47,796,180
Basic earnings per share (€)	0.51	0.43
Diluted earnings per share (€)	0.51	0.43

## CONSOLIDATED BALANCE SHEET

in € thousands	30 June 2012	31 Dec. 2011
<b>ASSETS</b>		
Goodwill	428,586	418,670
Intangible assets	646,558	643,713
Property, plant and equipment	395,358	367,944
Shares in associates	2,193	2,257
Other financial assets	18,459	22,478
Available-for-sale financial assets	343	1,100
Deferred tax assets	2,382	2,365
Other non-current assets	24	24
Derivative financial instruments	1	3
<b>Total non-current assets</b>	<b>1,493,905</b>	<b>1,458,556</b>
Inventory and work-in-progress	2,462	2,100
Trade receivables	42,220	41,783
Tax assets	0	2,685
Other receivables	54,706	32,312
Other current assets	10,841	15,334
Cash and cash equivalents	132,915	163,794
<b>Total current assets</b>	<b>243,145</b>	<b>258,007</b>
Total non-current assets and disposal groups held-for-sale	15,699	24,898
<b>Total assets</b>	<b>1,752,749</b>	<b>1,741,460</b>

in € thousands	30 June 2012	31 Dec. 2011
<b>EQUITY AND LIABILITIES</b>		
Share capital	18,653	18,653
Additional paid-in capital	488,152	490,853
Treasury shares	(2,150)	(1,928)
Other reserves	0	0
Net profit attributable to equity holders of the parent	24,152	41,501
Retained earnings	117,013	87,290
<b>Total equity attributable to equity holders of the parent</b>	<b>645,820</b>	<b>636,370</b>
Profit attributable to non-controlling interests	(24)	507
Retained earnings attributable to non-controlling interests	3,147	3,762
<b>Total equity</b>	<b>648,943</b>	<b>640,638</b>
Long-term debt	568,985	574,747
Employee benefit obligations	7,305	6,924
Liabilities related to associates with negative net worth	0	1,453
Other provisions	12,823	13,045
Deferred tax liabilities	236,435	231,063
Derivative financial instruments	0	0
Other non-current liabilities	26,201	24,362
<b>Total non-current liabilities</b>	<b>851,748</b>	<b>851,593</b>
Short-term debt	28,906	25,972
Employee benefit obligations	1,068	1,068
Trade payables	66,730	71,482
Other payables	127,126	103,813
Other provisions	406	442
Derivative financial instruments	10,638	7,486
Current taxes	1,485	14,068
<b>Total current liabilities</b>	<b>236,359</b>	<b>224,331</b>
Total liabilities on non-current assets and disposal groups held-for-sale	15,699	24,898
<b>Total equity and liabilities</b>	<b>1,752,749</b>	<b>1,741,460</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

in € thousands	Six months		12 months
	30 June 2012	30 June 2011	31 Dec. 2011
Consolidated net profit	24,128	20,869	42,007
Adjustments for profit or losses from associates	(66)	200	395
Adjustments for depreciation, amortisation, impairment losses and provisions	11,830	12,603	28,532
Adjustments for fair value	(499)	1,109	2,051
Adjustments for gains or losses on disposal and dilution	(11,027)	(9,764)	(19,353)
Adjustments for dividend income	(2)	(23)	(13)
<b>Cash flow after cost of net debt and tax</b>	<b>24,364</b>	<b>24,994</b>	<b>53,620</b>
Adjustments for security acquisition costs	358	1,654	2,625
Adjustments for tax expense	16,023	9,643	22,586
Adjustments for net finance costs	9,001	8,836	18,907
<b>Cash flow before interest and tax</b>	<b>49,746</b>	<b>45,126</b>	<b>97,738</b>
Change in working capital	(7,166)	(4,953)	(7,748)
Income tax paid	(17,382)	(3,018)	(8,856)
<b>Net cash from operating activities</b>	<b>25,198</b>	<b>37,156</b>	<b>81,135</b>
Impact of changes in scope of consolidation	(5,381)	(65,075)	(106,634)
Increase in property, plant and equipment	(56,494)	(45,586)	(99,016)
Increase in intangible assets	(3,963)	(1,682)	(3,423)
Increase in financial assets	0	(0)	(91)
(Increase)/decrease in loans and advances	460	(245)	(379)
Proceeds from disposal of property, plant and equipment and intangible assets	30,994	44,386	80,671
Proceeds from disposal of financial assets	785		
Dividend income	133	23	13
<b>Net cash used in investing activities</b>	<b>(33,466)</b>	<b>(68,179)</b>	<b>(128,860)</b>
Issuance of shares	0	0	0
Treasury shares	(223)	(104)	(458)
Issuance of debt	0	95,551	95,785
Repayment of debt	(7,718)	(10,449)	(21,500)
Net interest paid	(8,608)	(8,807)	(19,289)
Repayment of derivative financial instruments	0	(4,735)	(4,735)
Dividends paid to shareholders	0	(4,782)	(4,782)
Dividends paid to minority shareholders of subsidiaries	0	0	(485)
<b>Net cash (used in)/from financing activities</b>	<b>(16,549)</b>	<b>66,674</b>	<b>44,537</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(24,817)</b>	<b>35,651</b>	<b>(3,189)</b>
Net cash and cash equivalents at beginning of year	126,833	130,022	130,022
Net cash and cash equivalents at end of year	102,016	165,674	126,833
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(24,817)</b>	<b>35,651</b>	<b>(3,189)</b>