PRESS RELEASE

MEDICA - First-Half 2013 Results

- Revenue growth of more than 9%

- Improvement in profitability
  - EBITDAR growth above 14%
  - Net profit up by more than 15%

- 2013 revenue target: exceeding €825 million

PARIS, 10 September 2013 – The Board of Directors of MEDICA, a leading provider of long and short-term dependency care in France, met on Monday 9 September 2013 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 first half of 2013.

KEY INDICATORS - € millions	**H1 2013**	H1 2012(1)	Reported growth
Revenue	**381.5**	349.0	+ 9.3%
EBITDAR	**104.5**	91.5	+ 14.2%
EBITDAR margin	27.4%	26.2%	
EBITDA	**63.7**	56.8	+ 12.2%
EBITDA margin	16.7%	16.3%	
EBIT	**48.9**	44.6	+ 9.5%
EBIT margin	12.8%	12.8%	
Net profit attributable to shareholders	**28.0**	24.3	+ 15.2%
Net margin	7.3%	7.0%	

(1) Adjusted H1 2012 accounts. The entry into force of the revised IAS 19 standard on 1 January 2013 led to a change in the recognition of retirement benefits in the consolidated financial statements of the MEDICA Group.

* 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 revenue growth and high profitability demonstrate once again the validity of our model of growth. These good performances were accompanied by much recognition of our social initiatives. The acknowledged robustness of our balance sheet has enabled us to acquire SLG, the leading Belgian operator, which we will fully consolidate as early as 1st October 2013 (1). This operation fits perfectly with our strategy and the strong presence in Belgium gives MEDICA new development prospects, in a country offering opportunities for organic growth and consolidation. Our solid first-half business combined with the consolidation of SLG leads us to expect revenue of at least €825 million in 2013."*

MAINTENANCE OF A HIGH PROFITABILITY MODEL

REVENUE UP 9.3%, BUOYED BY ACTIVITIES IN FRANCE

Consolidated revenue amounted to €381.5 million in the first half of 2013, representing a rise of 9.3% compared to the first half of 2012. Organic growth over this period amounted to 7.5%.

REVENUE BY SECTOR	H1 2013 €m	H1 2013 % of revenue	H1 2012 €m	H1 2012 % of revenue	Reported growth	Organic growth
France	**342.1**	89.7%	**310.5**	89.0%	**+10.2%**	+8.1%
Long-term care	**248.0**	65.0%	**221.0**	63.3%	**+12.2%**	+10.2%
Post-acute and psychiatric care	**94.2**	24.7%	**89.5**	25.6%	**+5.2%**	+3.1%
Italy	**39.4**	10.3%	**38.4**	11.0%	**+2.6%**	+2.6%
TOTAL	**381.5**		**349.0**		**+9.3%**	+7.5%

The first six months of the 2013 financial year were marked by a strong advance of activity in France, which generated revenue of €342.1 million and 8.1% organic growth.

- The **long-term care** sector in **France** generated revenue of €248.0 million, representing a rise of 12.2%. In addition to the ramp-up of facilities opened in 2011 and 2012, the 10.2% organic growth bears out MEDICA's choice of geographic locations and regular investments in improvements to its facilities.
- The revenue of the **post-acute and psychiatric care** sector in **France** amounted to €94.2 million, representing a rise of 5.2% compared to the first half of 2012. MEDICA is continuing its diversification strategy in home care, which should help accelerate revenue growth in the medium term.
- **In Italy,** revenue growth has accelerated since the beginning of 2013. Revenue totalled €39.4 million, representing a rise of 2.6% (+4.2% in Q2 alone).

As at 30 June 2013, MEDICA operated a portfolio of **17,132 beds** in **226 facilities**, with the **occupancy rate*** remaining broadly unchanged at the high level of **96.3%**.

(1) Subject to the usual conditions precedent.

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

CONTINUED HIGH LEVEL OF PROFITABILITY

EBITDAR (EBITDA before facility rental expense) stood at €104.5 million in the first half (+14.2% compared to 2012) and represented 27.4% of revenue.

EBITDAR by sector (€ million)	**H1 2013**	**H1 2012** [(1)]	**Change**
France % of sector revenue	**94.7** 27.7%	**82.1** 26.4%	**+15.4%**
Long-term care % of sector revenue	**68.4** 27.6%	**57.0** 25.8%	**+20.0%**
Post-acute and psychiatric care % of sector revenue	**26.3** 28.0%	**25.1** 28.0%	**+5.0%**
Italy % of sector revenue	**9.8** 24.8%	**9.4** 24.6%	**+3.5%**
TOTAL % of total revenue	**104.5** 27.4%	**91.5** 26.2%	**+14.2%**

Profitability in France continued to improve due to:

- The significant increase in EBITDAR in the **long-term care sector in France**, which benefited from the rapid ramp-up and integration of new facilities over the last 24 months, as well as the good control of its operating costs.
- Expertise in the **post-acute and psychiatric care sector in** France, which consolidated its high margin as part of its strategy of specialised facilities, as well as continued restructuring of facilities. The home care business is profitable, and will benefit the overall profitability of the sector when it reaches maturity.
- In Italy, profitability improved thanks to the return of revenue growth over the period.

CONTINUED IMPROVEMENT IN NET MARGIN

EBITDA stood at €63.7 million, representing 16.7% of revenue, a rise of 12.2% compared to the previous year.

- **Employee expenses** (€174.5 million) rose by 9.1% but held steady as a proportion of revenue (45.7%), while the external charges share is decreasing due to less use of subcontracting.
- **Rental expenses** amounted to €40.8 million (10.7% of revenue), up 17.6%. This rise was due to the growth in the number of facilities still in their ramp-up.

Operating income advanced 9.5% to €48.9 million.

Net income attributable to shareholders amounted to €28.0 million, up 15.2%. The slight deterioration in **net finance costs** was offset by an improvement in the **tax rate**, which amounted to 37.5% (vs 40% in H1 2012), mainly due to the positive impact of the CICE.

(1): The entry into force of the revised IAS 19 standard on 1 January 2013 led to a change in the recognition of retirement benefits in the consolidated financial statements of the MEDICA Group. Under IAS 8, this change of method has to be applied retrospectively in order to allow comparison of financial statements between the different reporting years. The comparability of the accounts will be detailed in the consolidated interim financial statements.

A WELL-MANAGED BALANCE SHEET

As at 30 June 2013, **net debt** totalled €465 million, compared to €448 million as at 31 December 2012. Gross debt decreased to €605 million (vs €685 million as at 31 December 2012) and cash and cash equivalents amounted to €140 million. The financial leverage stood at 2.1[(1)], flat as compared to the situation as at 31 December 2012.

SLG: MAJOR GEOGRAPHIC DIVERSIFICATION

On 29 July, MEDICA announced the **acquisition of Senior Living Group**, the leading private provider of long-term care in Belgium. This acquisition, combined with MEDICA's strong domestic position and successful establishment in Northern Italy, represents a major step forward in the Group's development in Europe.

After the completion of this transaction, which is expected at the end of September, the network operated by MEDICA will comprise 22,613 beds. MEDICA's organic growth pipeline will also be strengthened with a portfolio of 3,537 beds being restructured or built. Given SLG's operating profitability and the optimal financing conditions, this operation should be accretive for MEDICA's shareholders as early as 2014, the first full year of SLG's consolidation.

2013 REVENUE EXPECTED TO EXCEED 825 MILLION

MEDICA expects to generate full-year revenue in excess of 825 million in 2013, due to organic growth of at least 7% and the integration of SLG from 1st October 2013.

A meeting for analysts and investors will be held this morning at 9:00 am (Paris time).

NEXT EVENT

Publication of Q3 2013 revenue on **22 October 2013** before start of trading.

(1) : *Financial leverage = (Net Debt – Property Debt) / (EBITDA – (6.5% x Property Debt))*

ABOUT MEDICA

Formed in 1968, MEDICA is a leading provider of long- and short-term dependency care in France. It operates both in 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 over 17,100 beds and employed over 10,800 people as at 30 June 2013.

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

MEDICA is included in the SBF 120, Euronext CAC Healthcare, MSCI France Small Cap and Gaia indices.
Code: MDCA - ISIN: FR0010372581 - Reuters: MDCA PA - Bloomberg: MDCA FP
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CONSOLIDATED INCOME STATEMENT

in € thousands	30/06/2013	30/06/2012 [1]
Revenue	**381,499**	**348,984**
Purchases used in the business	(20,846)	(18,058)
External charges	(103,656)	(97,364)
Income and other taxes	(19,520)	(16,991)
Employee expenses	(174,519)	(159,962)
Other operating expenses	(1,724)	(835)
Other operating income	2,446	1,036
EBITDA	**63,680**	**56,811**
Amortisation and depreciation expense	(13,839)	(13,422)
Impairment losses and provisions	(926)	1,265
EBIT	**48,915**	**44,654**
Gain/(loss) on disposal of available-for-sale financial assets	0	0
Non-recurring operating expense	(15,622)	(33,504)
Non-recurring operating income	18,526	38,652
Operating profit	**51,820**	**49,802**
Profit/(loss) from equity affiliates	2,228	66
Operating income after share in profit of equity affiliates	**54,049**	**49,868**
Finance costs	(10,820)	(9,870)
Financial income	446	428
Net finance costs	**(10,374)**	**(9,442)**
Profit before tax	**43,675**	**40,426**
Income tax expense	(15,542)	(16,118)
Profit after tax	**28,133**	**24,308**
Net profit	**28,133**	**24,308**
Attributable to shareholders	27,978	24,332
Attributable to non-controlling interests	155	(24)
Average number of shares outstanding	47,765,578	47,750,600
Basic earnings per share (€)	0.59	0.51
Diluted earnings per share (€)	0.59	0.51

CONSOLIDATED BALANCE SHEET

in € thousands	30/06/2013	31/12/2012 (1)
ASSETS		
Goodwill	427,941	424,596
Intangible assets	680,153	675,596
Property, plant and equipment	422,893	412,800
Shares in equity affiliates	0	2,259
Other financial assets	19,509	20,788
Available-for-sale assets	342	342
Deferred tax	834	3,251
Other non-current assets	570	25
Derivative financial instruments	615	0
Total non-current assets	**1,552,856**	**1,539,657**
Inventory and work-in-progress	2,659	2,616
Trade receivables	46,731	46,170
Tax assets	9,191	6,070
Other receivables	58,589	39,240
Other current assets	2,287	8,752
Cash and cash equivalents	140,245	236,823
Total current assets	**259,701**	**339,671**
Total non-current assets and disposal groups held for sale	12,170	13,681
Total assets	**1,824,727**	**1,893,009**

in € thousands	30/06/2013	31/12/2012'(1)
EQUITY AND LIABILITIES		
Share capital	18,653	18,653
Additional paid-in capital	482,493	488,152
Treasury shares	(2,344)	(1,575)
Other reserves	0	0
Net profit attributable to shareholders	27,978	46,294
Retained earnings	149,407	117,528
Total equity attributable to shareholders	**676,187**	**669,053**
Profit attributable to non-controlling interests	155	215
Retained earnings attributable to non-controlling interests	6,857	6,232
Total equity	**683,199**	**675,500**
Long-term debt	510,621	661,989
Employee benefit obligations	6,454	6,125
Liabilities related to equity affiliates	0	0
Other provisions	10,590	11,881
Deferred tax	246,886	246,544
Other non-current liabilities	29,235	28,357
Total non-current liabilities	**803,785**	**954,895**
Short-term debt	94,843	23,188
Employee benefit obligations	447	447
Trade creditors	59,496	77,365
Other payables	147,754	125,057
Other provisions	379	379
Derivative financial instruments	5,805	10,673
Current taxes	16,848	11,823
Total current liabilities	**325,572**	**248,932**
Total liabilities on assets and disposal groups held for sale	12,170	13,681
Total equity and liabilities	**1,824,727**	**1,893,009**

CONSOLIDATED CASH FLOW STATEMENT

in € thousands	30/06/2013	30/06/2012 [1]
Consolidated net profit	28,133	24,308
Adjustments for profit or losses from equity affiliates	(2,228)	(66)
Adjustments for depreciation, amortisation and provisions	9,284	11,555
Adjustments for fair value	(752)	(499)
Adjustments for gains or losses on disposal and dilution	2,082	(11,027)
Adjustments for dividend income	(3)	(2)
Cash flow after cost of net debt and tax	**36,515**	**24,269**
Adjustments for security acquisition costs	131	358
Adjustments for tax expense	15,542	16,118
Adjustments for net finance costs	10,093	9,001
Cash flow before interest and tax	**62,281**	**49,746**
Change in working capital	(29,782)	(7,166)
Income tax paid	(15,398)	(17,382)
Net cash from operating activities	**17,101**	**25,198**
Impact of changes in scope of consolidation	(6,555)	(5,381)
Increase in property, plant and equipment	(24,472)	(56,494)
Increase in intangible assets	221	(3,963)
Increase in financial assets	-	-
Increase/decrease in loans and advances	1,199	460
Proceeds from disposal of property, plant and equipment and intangible assets	7,338	30,994
Proceeds from disposal of financial assets	10	785
Dividend income	363	133
Net cash used in investing activities	**(21,896)**	**(33,466)**
Issuance of shares	50	-
Treasury shares	(769)	(223)
Issuance of debt	49,625	-
Repayment of debt	(134,503)	(7,718)
Net interest paid	(10,703)	(8,608)
Dividends paid to shareholders	-	-
Dividends paid to minority holders of subsidiaries	(6)	-
Net cash used in financing activities	**(96,306)**	**(16,549)**
Net decrease in cash and cash equivalents	**(101,100)**	**(24,817)**
Net cash and cash equivalents at beginning of year	235,795	126,833
Net cash and cash equivalents at end of year	134,695	102,016
Net decrease in cash and cash equivalents	**(101,100)**	**(24,817)**

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