



MEDICA

First-Half 2010 Results

7 September 2010



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Speakers



Jacques Bailet
*Chairman and
Chief Executive Officer*

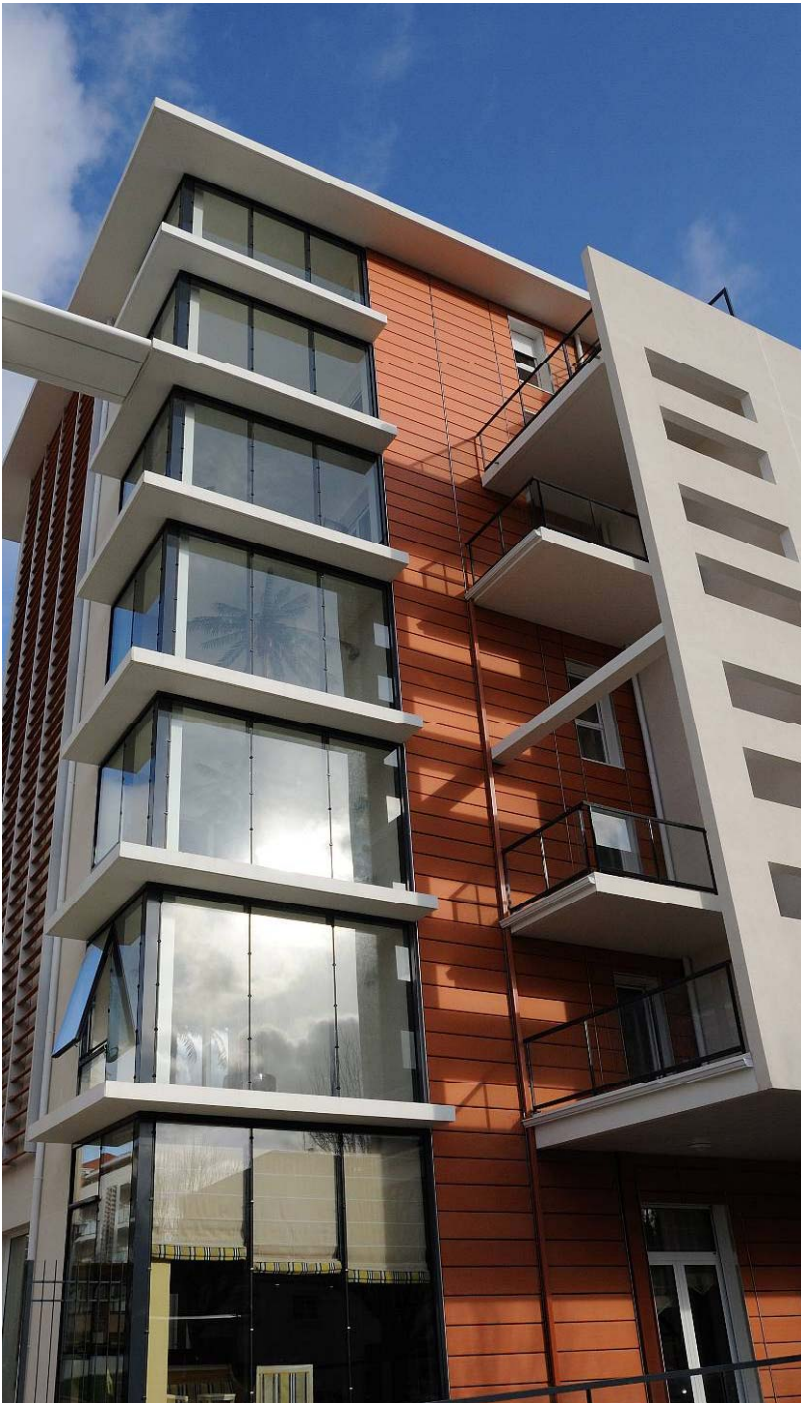


Christine Jeandel
Deputy Chief Executive Officer



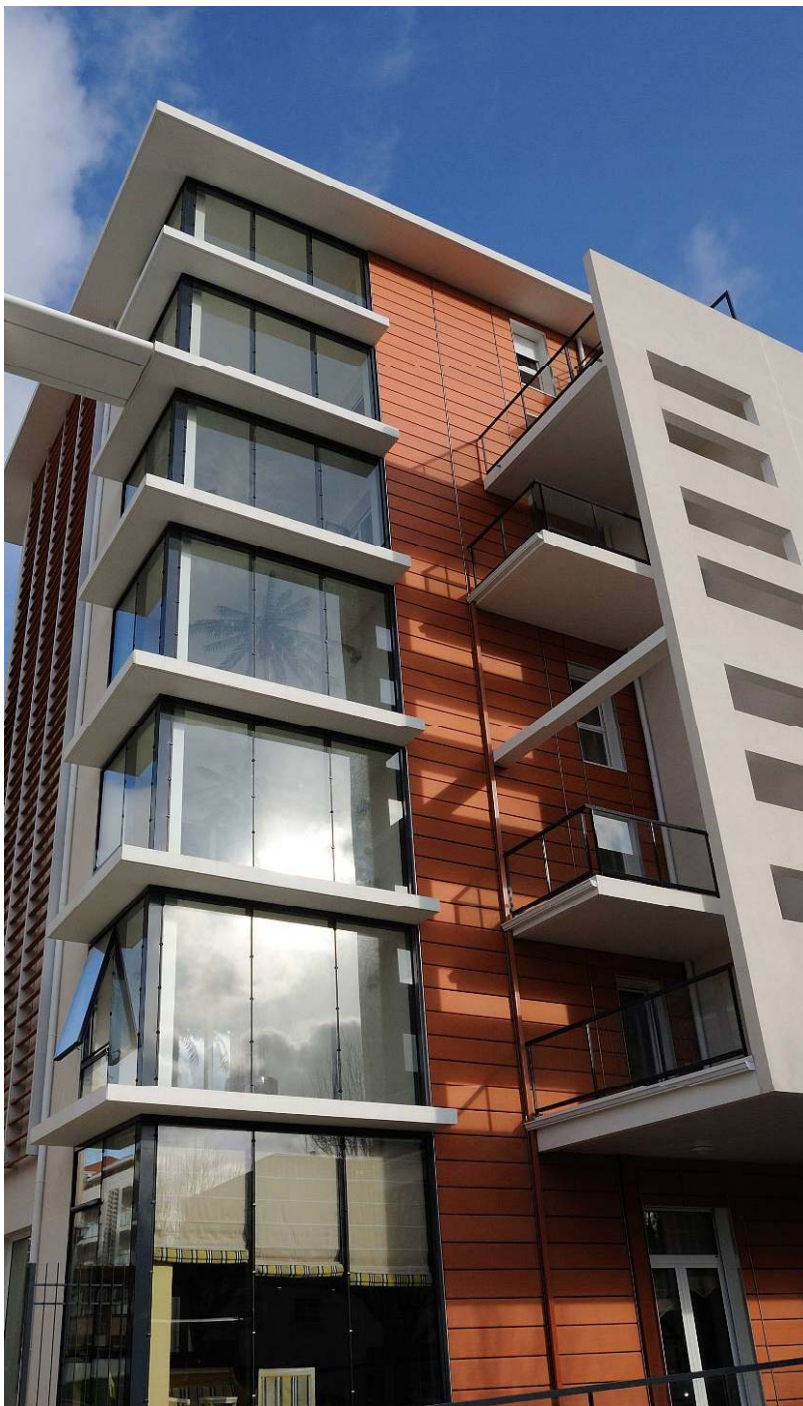
Mathieu Fabre
Chief Financial Officer





1. First-Half Overview
2. Update on French Legislation
3. Financial Results
4. Outlook and Guidance





1. First-Half Overview

2. Update on French Legislation

3. Financial Results

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MEDICA in first-half 2010

A solid performance in first-half 2010

- Robust expansion
 - ▶ H1 2010 revenue: €259.1m
 - ▶ Up 10.7% vs. H1 2009

- Sustained high operating margins
 - ▶ EBITDAR: 25.8% of revenue vs. 25.7% in H1 2009
 - ▶ EBITDA: 16.7% of revenue vs. 16.7% in H1 2009

- Debt: Completely restructured financing facilities
 - ▶ Successful negotiation of new financing facilities to replace existing syndicated loans
 - ▶ More flexible financing
 - ▶ Significant reduction in borrowing costs



Revenue growth

Strong growth in revenue

Revenue by sector €m	H1 2010	H1 2009	Reported growth	Organic growth
Long-term care - France <i>% of revenue</i>	160.8 <i>62.1%</i>	139.7 <i>59.7%</i>	+15.2%	+8.8%
Post-acute and psychiatric care - France <i>% of revenue</i>	71.6 <i>27.6%</i>	70.1 <i>30.0%</i>	+1.9%	1.9%
Italy <i>% of revenue</i>	26.6 <i>10.3%</i>	24.3 <i>10.4%</i>	+9.4%	+3.1%
TOTAL	259.1	234.1	+10.7%	+6.1%

- Long-term care – France: Strong organic growth led by the ramp-up of facilities opened in 2009 and first-half 2010
- Post-acute and psychiatric care – France: Continued deployment of restructuring plans
- Italy: Solid organic growth and acquisition of a facility in Florence
- High occupancy rate maintained: 96.9%

Number of beds

- First-half 2010
 - ▶ Openings: 247 beds
 - ▶ Acquisitions: 770 beds
 - ▶ At 30 June 2010, MEDICA operated a portfolio of 12,300 beds
- Since 30 June 2010
 - ▶ Openings: 134 beds
 - ▶ Acquisitions: 80 beds
 - ▶ Restructuring completed: 153 beds

7 September 2010: MEDICA operates a portfolio of around 12,500 beds

Long-term care: Openings and acquisitions

since 30 June 2010

214 new beds in the long-term care sector

Résidence du Montfrais Franconville (Ile de France)

- Creation of a facility in the Greater Paris Region
- Alzheimer's unit
- Therapeutic garden, Snoezelen room and spa therapy room
- 120 beds



Doyenné de Brou

Bourg en Bresse (Rhône Alpes)

- Creation of an Alzheimer's unit
- Snoezelen room
- 14 beds



Provence Alpes Côte d'Azur

- Acquisition of a long-term care facility
- 80 beds



Post-acute/rehab: Completion of restructuring projects

since 30 june 2010

153 beds delivered in the post-acute/rehab sector

Centre La Condamine

Thueyts (Rhône Alpes)

- Restructuring of a post-acute/rehab facility of 54 beds
- Creation of private rooms
- Multi-purpose post-acute care and rehabilitation facility



Les Arbelles rehabilitation centre

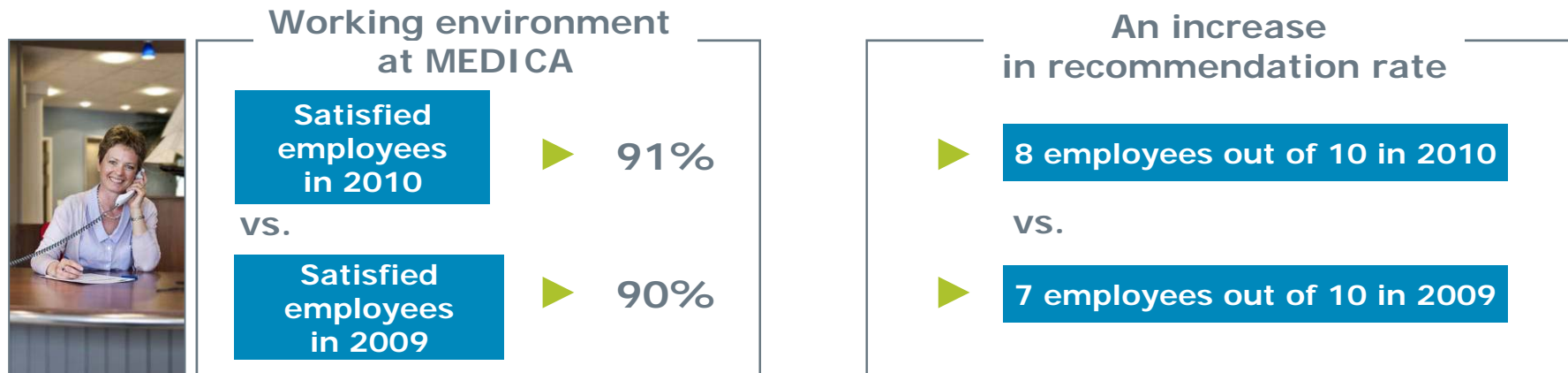
Bourg en Bresse (Rhône Alpes)

- Restructuring of a post-acute/rehab facility
- Consolidating beds to upgrade capacity from 47 beds to 99 beds
- Post-acute care and rehabilitation facility, specialised in conditions affecting the musculoskeletal and nervous systems



2010 Employee Satisfaction Survey

High employee satisfaction



Survey carried out by Institut CSA in 2010

- Improved organisation of work: up 14% vs 2006
 - ▶ Training and best practices
- Resources available to enhance work efficiency: up 16% vs 2006
 - ▶ Optimum utilisation of medical equipment budgets

Effective action plans ⇒ significant improvement in indicators since 2006

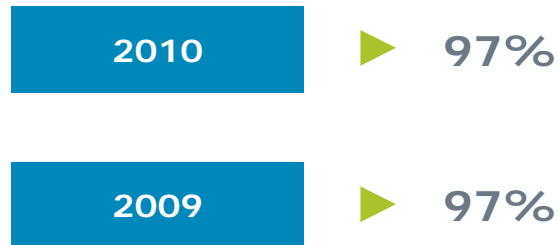
2010 Client Satisfaction Survey

Very high level of client satisfaction maintained in 2010

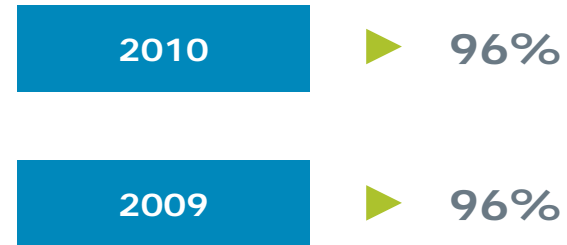
- Anonymous questionnaire organised by Institut CSA:
 - ▶ Around 6,700 respondents - patients/residents and their families
 - ▶ Conducted alongside the 2010 Employee Satisfaction Survey



Caring and attentive staff



Overall satisfaction



Survey carried out by Institut CSA in 2010

Recognition of the professionalism and commitment
of MEDICA employees

Fraîche Attitude (Keeping Cool)

MEDICA's response to the heatwave alert

- Risk management
 - ▶ A monitoring unit
 - ▶ Des bonnes pratiques adaptées
- A pro-active marketing approach
 - ▶ Short-term residents accepted at short notice during summer
 - ▶ Direct-mail campaign promoting short-term stays aimed at 34,000 high-income earners
 - ▶ An advice hotline open all summer



Maison de retraite

L'été pour les personnes âgées, c'est :

- la solitude
- un problème d'organisation des tâches quotidiennes
- un séjour temporaire au sein de la maison de retraite « Résidence Les Pins » à Narbonne

L'été est une période délicate pour les personnes âgées. Besoin d'être entouré, de maintenir un accompagnement dans la vie quotidienne...

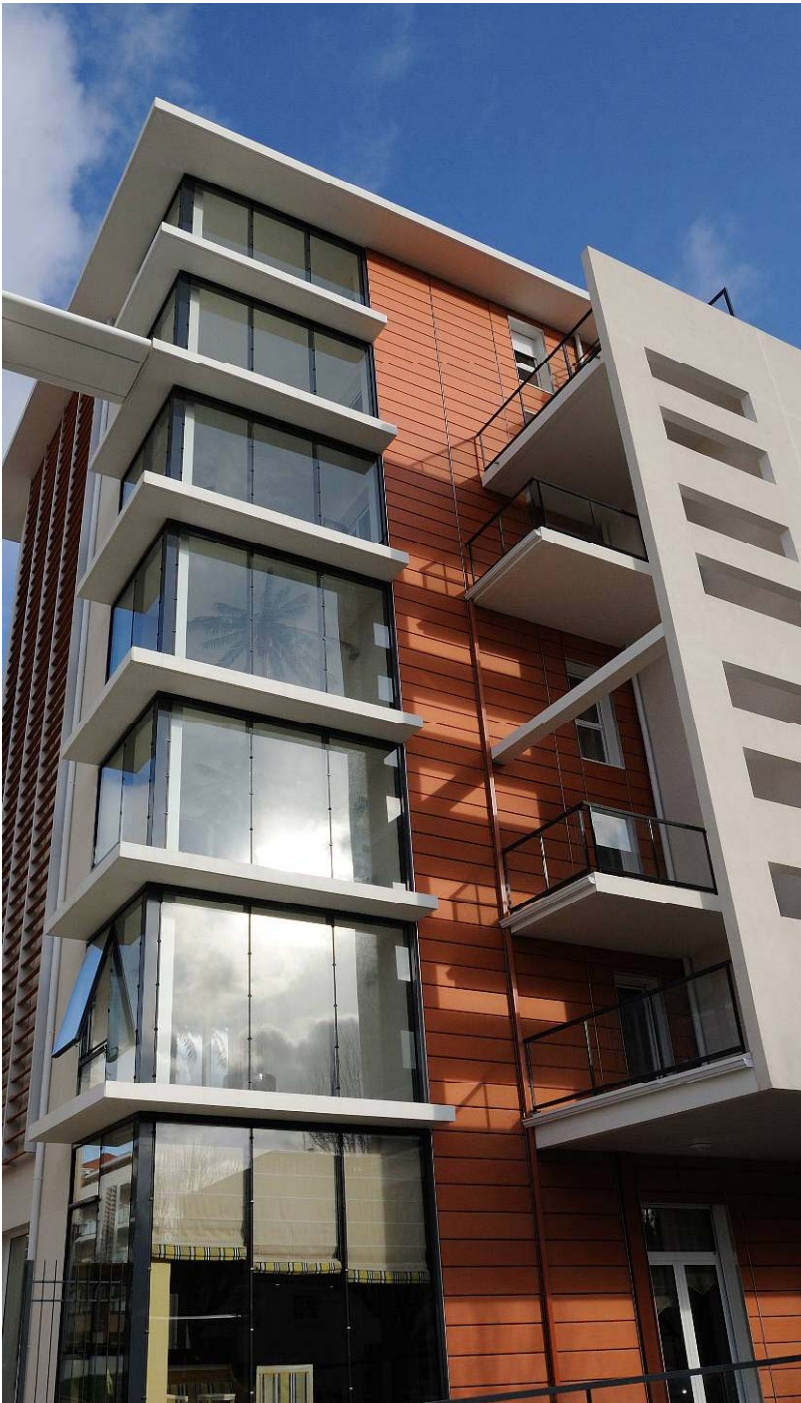
L'équipe de la résidence se mobilise et propose un accueil adapté au sein de la maison de retraite, dans le cadre d'un séjour permanent ou temporaire. Nous accueillons des personnes valides, dépendantes ou atteintes de la maladie d'Alzheimer. Nous vous apportons une réponse instantanée sur nos possibilités d'accueil et facilitons les démarches.

Contactez-nous :
Résidence Les Pins
35 rue Emile Eudes
11100 Narbonne
Tél. : 04 68 40 52 00

Eric Blazquez
Directeur de la résidence

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Médecine - Médica France - 70 rue de la République - 92000 Nanterre - Tél : 01 47 35 10 00 - Document non contractuel - Juin 2010



1. First-Half Overview
2. Update on French Legislation
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Recent Changes in French Legislation

Higher level of contractual agreements for nursing homes

- Regulatory framework shifting towards more generalised long-term healthcare contracts
 - ▶ Medical devices integrated in 2008
 - ▶ Medication now being trialled
 - ▶ Doctors, psychologists and biological tests in the future
- 2010: trials underway to integrate medication as requested by regulatory authorities
 - ▶ Included in the treatment rate
 - ▶ Set rate of €4.07 per day per bed (excluding expensive medication)
- At MEDICA:
 - ▶ Integration of medication:
 - Future medication system now being trialled in 5 pilot facilities
 - ▶ Integration of medical and paramedical staff
 - Management of 11 facilities already operating under the all-inclusive "soin global" pricing system
 - ▶ Proven experience in managing medication in the post-acute/rehab sector

Recent Changes in French Legislation

Creation of the Regional Health Agencies (ARS)

- Closer ties between the long-term care and post-acute/rehab sector at regional level via the creation of Regional Health Agencies (ARS)
- The HPST Act* provides for the creation of Regional Health Agencies (ARS) by 1 July 2010
- A significant development for MEDICA and other operators
 - ▶ Regional coordination of long-term care and post-acute/psychiatric capacity by a single agency
 - ▶ Nursing home permits issued by the ARS and the Conseil Général
- At MEDICA:
 - ▶ Showcase meetings organised in the regions with the ARS Managers
 - ▶ The right organisation: the Post-Acute, Psychiatric and Long-Term Care Department

* French hospital reform act concerning patients, healthcare and regions

Recent Changes in French Legislation

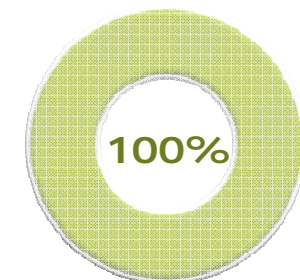
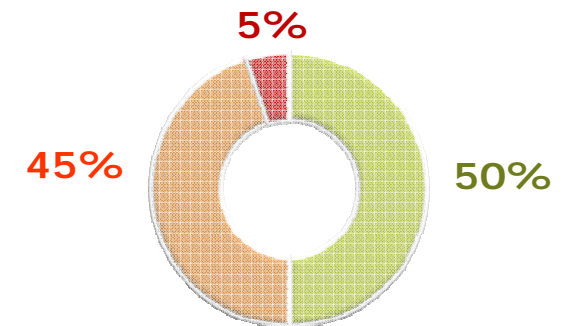
New healthcare provider permits

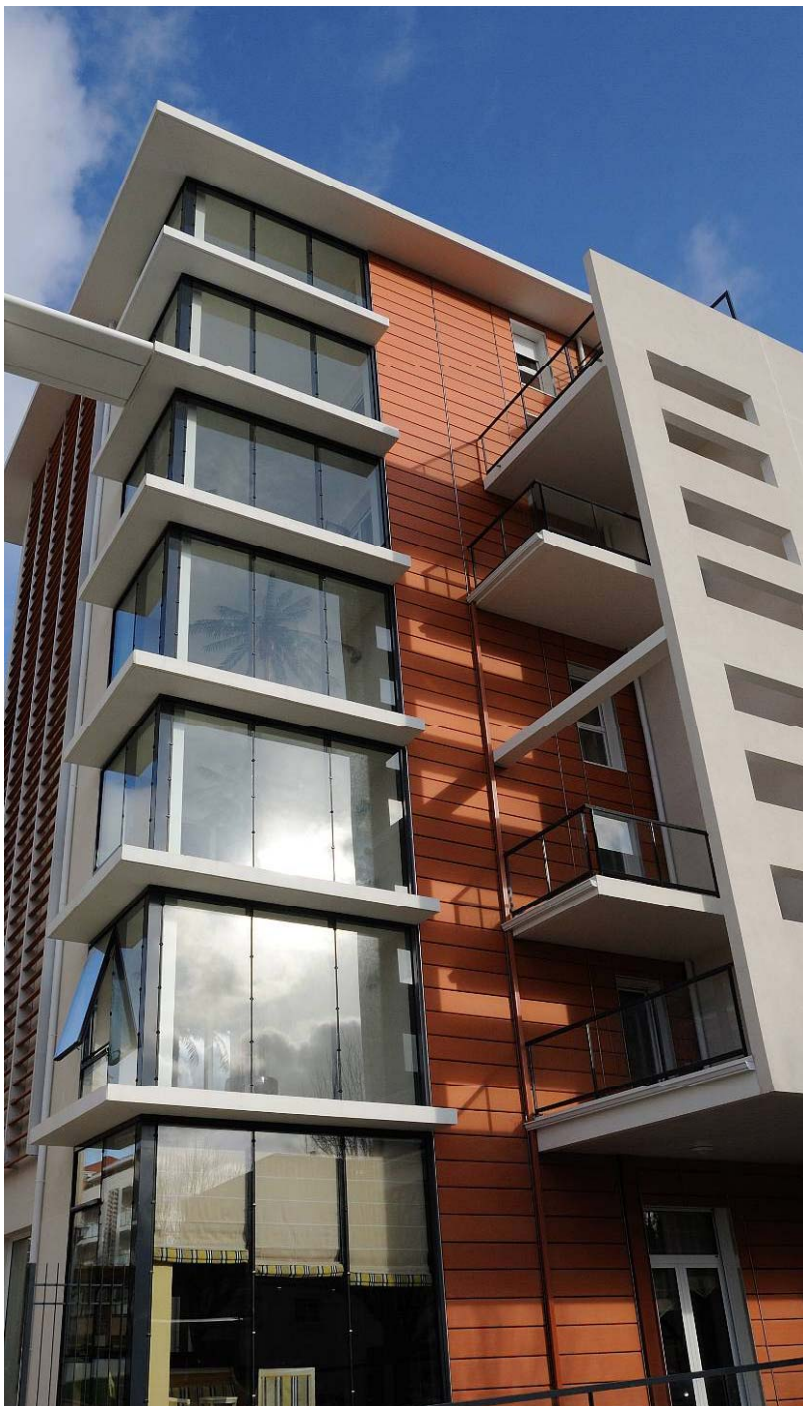
- New post-op and rehab facility permits
 - ▶ Facilities can be authorised to deliver care in nine speciality fields
 - ▶ Permit filing or renewal dates managed regionally
- MEDICA's Post-Acute, Psychiatric and Long-Term Care Department is set up to:
 - ▶ Support facility directors
 - Prepare facility mission statements
 - Approve the business case
 - ▶ Conduct negotiations at regional level
- To date, MEDICA has:
 - ▶ 33 projects filed in 8 administrative regions
 - ▶ 14 projects already authorised without restriction

New Healthcare Provider Permits

Example - Rhône Alpes

- 207 projects filed by operators in the region
 - ▶ 111 in the public sector
 - ▶ 70 in the non-profit sector
 - ▶ 26 in the private sector
- Status of permits granted by the ARS
 - ▶ **50%** of projects authorised without restriction
 - ▶ **45%** of projects authorised with restrictions or awaiting relocation/consolidation
 - ▶ **5%** of projects rejected
- For MEDICA:
 - ▶ **100%** of the projects and specialisations requested granted by the ARS without restriction
 - ▶ 8 projects filed including 6 multi-purpose post-acute and 8 specialised facilities
 - ▶ The Group focused on a balanced product mix of multi-purpose post-acute/rehab facilities and specialised facilities





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Financial Highlights

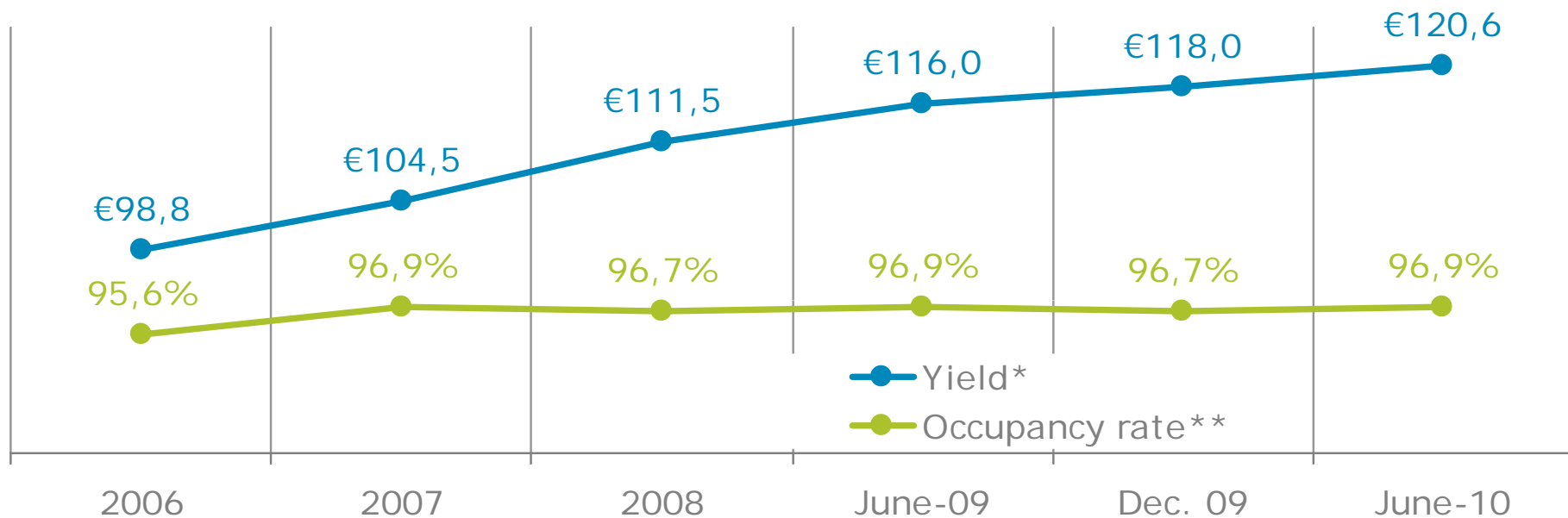
€m	H1 2010	H1 2009	% change
Revenue	259.1	234.1	+10.7%
EBITDAR <i>% of revenue</i>	66.8 25.8%	60.1 25.7%	+11.2%
EBITDA <i>% of revenue</i>	43.3 16.7%	39.1 16.7%	+10.8%
EBIT <i>% of revenue</i>	33.0 12.8%	30.1 12.8%	+9.9%
Net profit/(loss) attributable to equity holders of the parent <i>% of revenue</i>	2.9 1.1%	(2.7) -1.2%	-

	H1 2010	H1 2009
Number of facilities	164	146
Number of beds	12,300	11,182
Occupancy rate	96.9%	96.9%

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

Yield and Occupancy Rate

Sustained high occupancy rate and improved yield



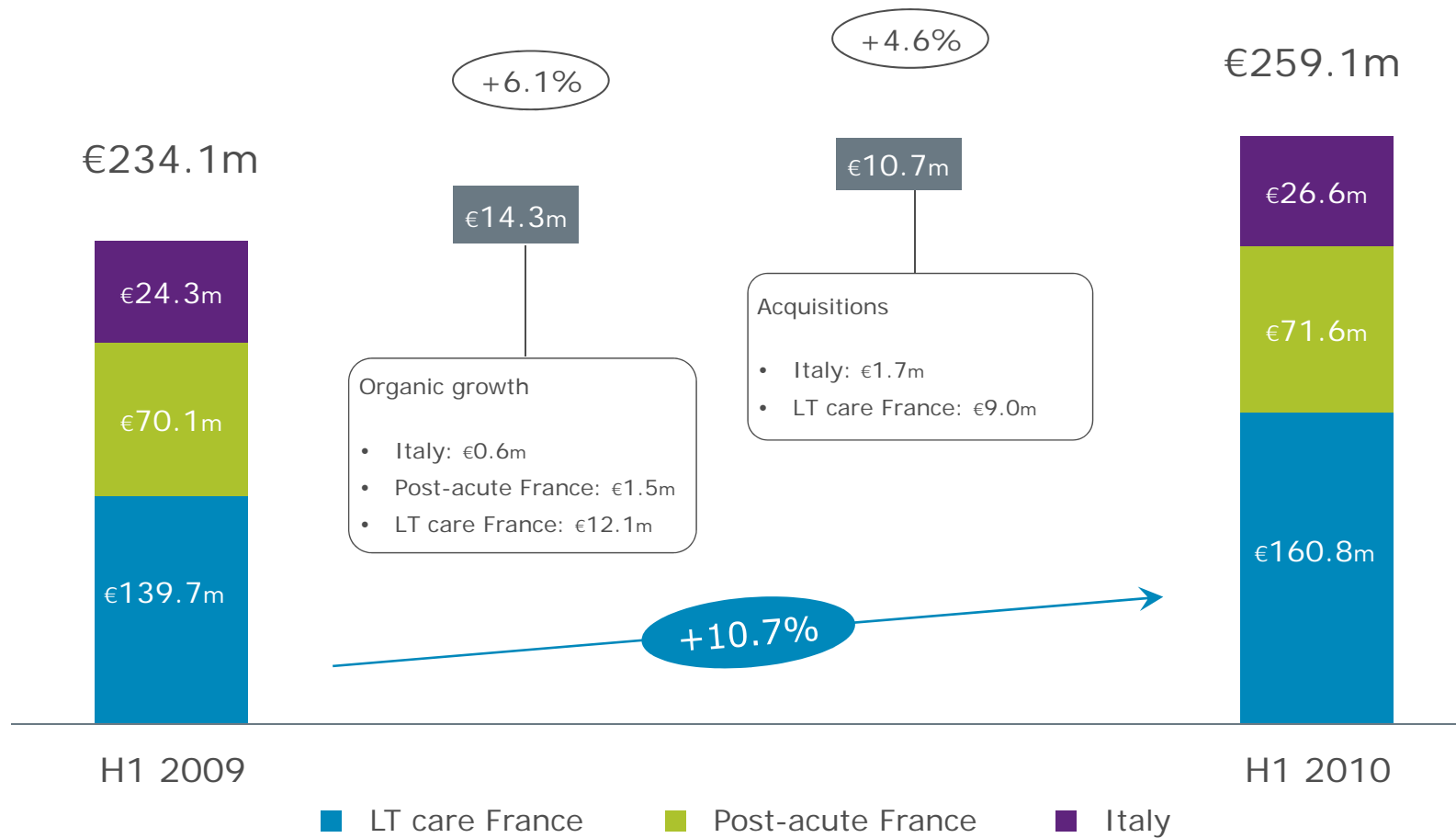
Yield
June 2009 - June 2010: up 4%

* Revenue per bed and per day (for facilities open for part of the year, only the number of open days are used)

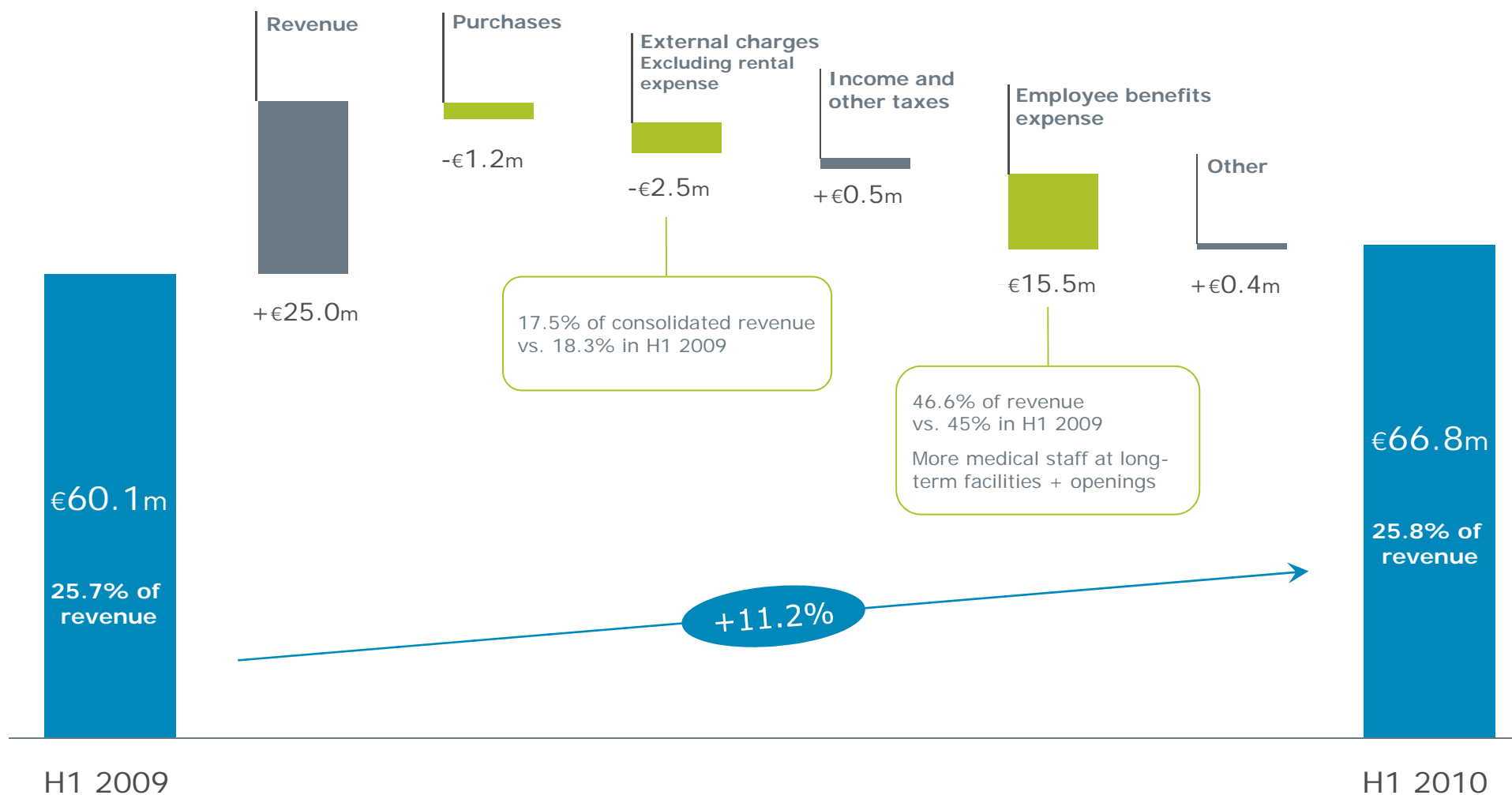
** Number of days billed over the number of days billable for facilities that have been open for more than 12 months

Analysis of Revenue

Strong growth



Disciplined cost management



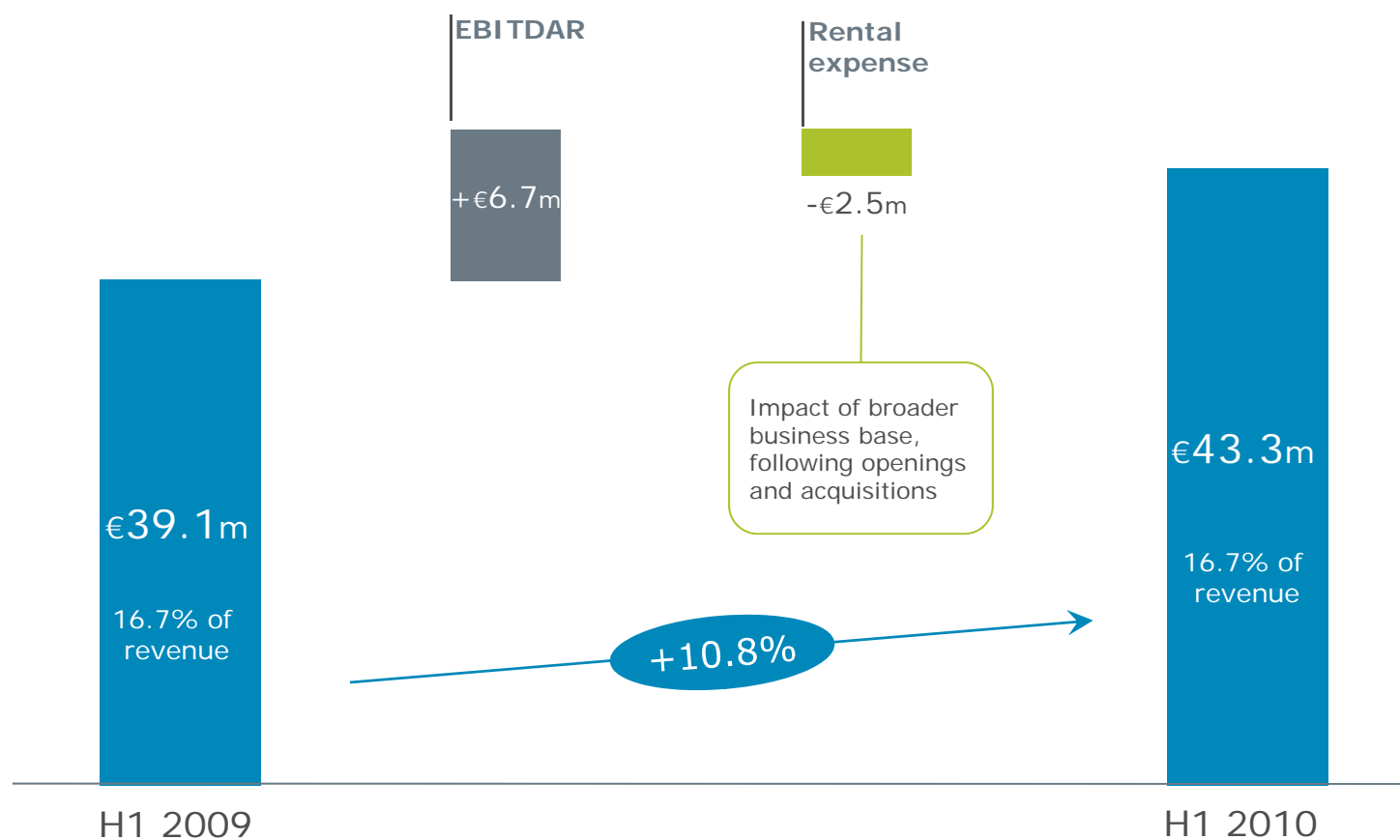
EBITDAR by Sector

High margins maintained despite openings, integration of acquisitions and restructuring

€m	H1 2010	H1 2009	% change
Long-term care France	41.9	36.6	+14.5%
<i>% of sector revenue</i>	<i>26.0%</i>	<i>26.2%</i>	
Post-acute France	18.3	17.9	+2.0%
<i>% of sector revenue</i>	<i>25.5%</i>	<i>25.5%</i>	
Italy	6.6	5.6	+18.5%
<i>% of sector revenue</i>	<i>24.8%</i>	<i>22.9%</i>	
TOTAL	66.8	60.1	+11.2%
<i>% of revenue</i>	<i>25.8%</i>	<i>25.7%</i>	

Impact of broader business base due to growth

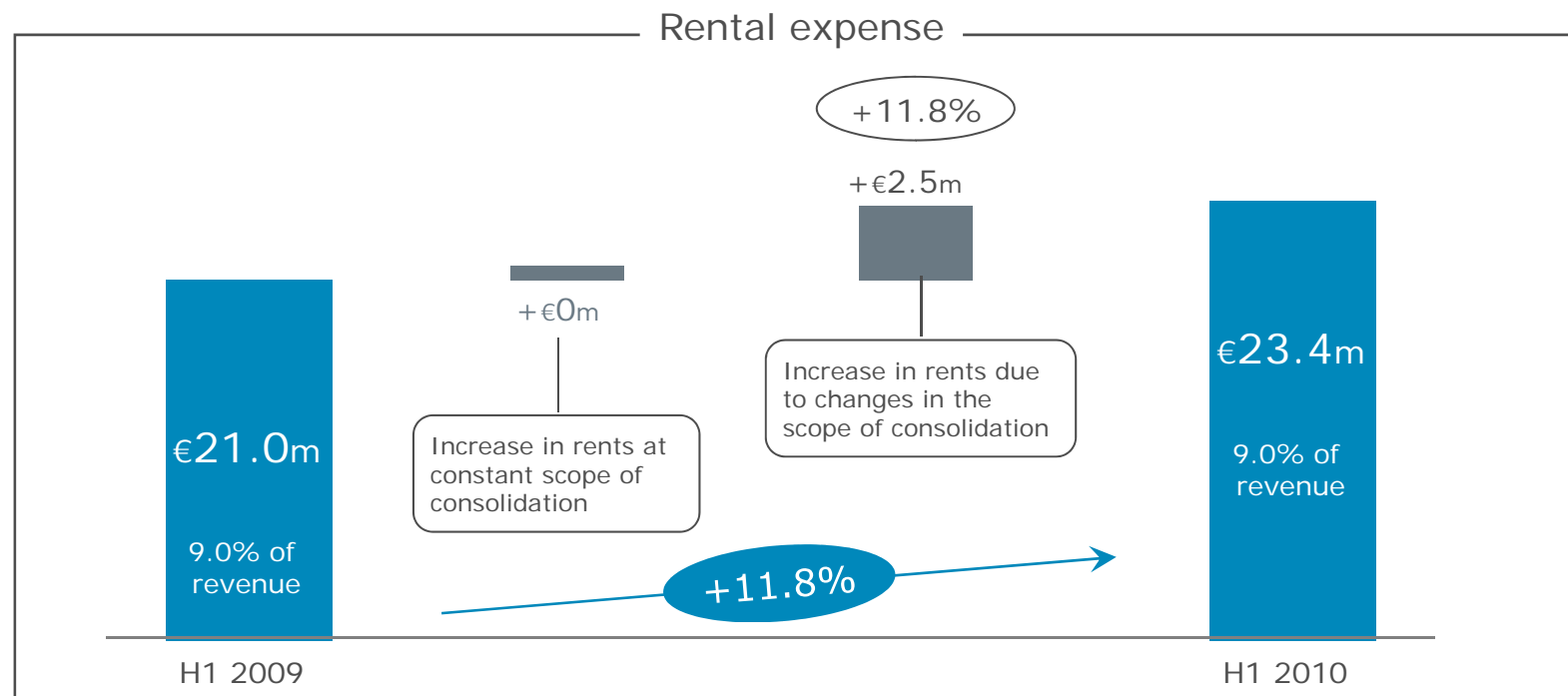
- 30 June 2010: MEDICA rents 70% of its operated facilities



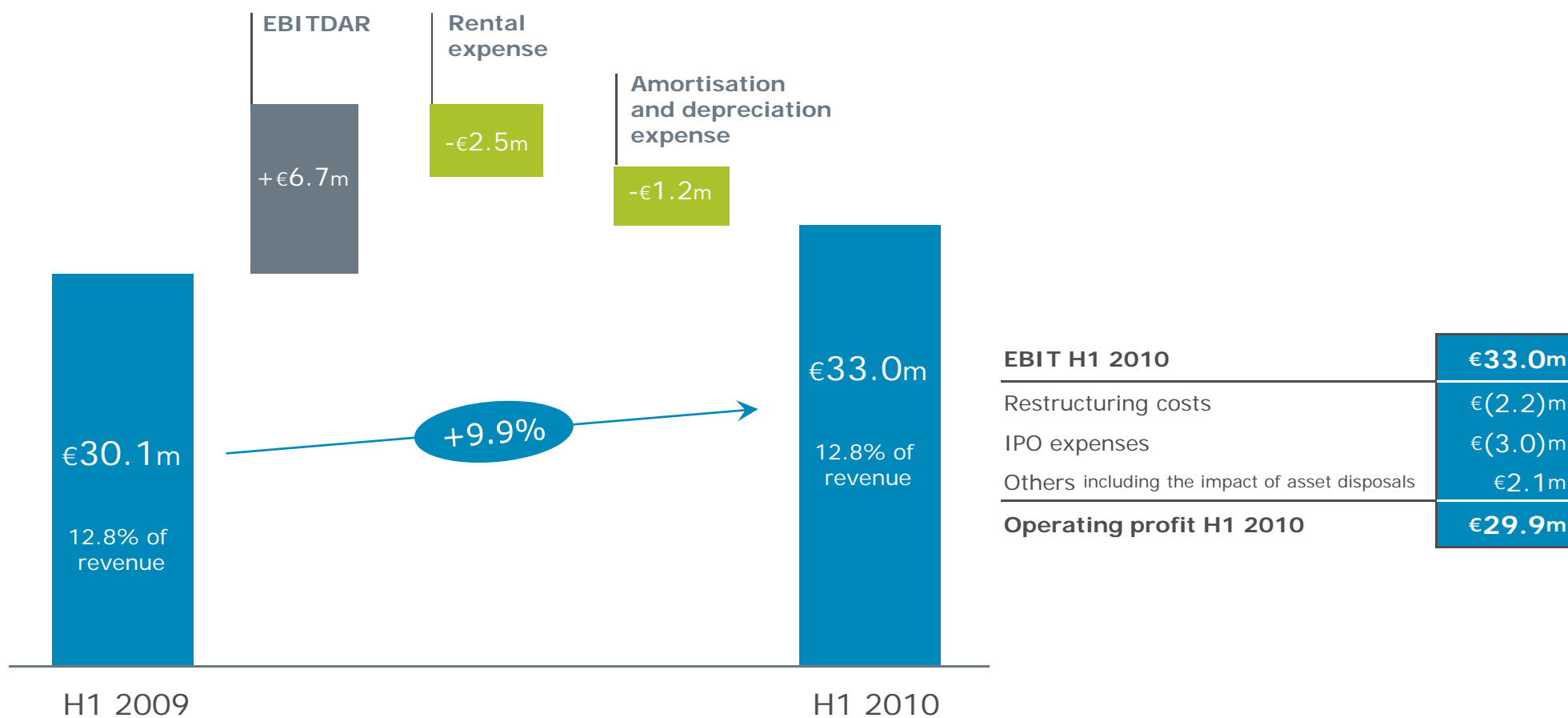
Rental Expense

Steady at constant scope of consolidation

- The Group's third largest expense
- No changes in rent since leases renegotiated in 2009



Operating margin remained stable overall



Net Finance Costs

Significant reduction in net finance costs

- Residual impact of previous debt and costs related to the hedging
- Impact of early repayment during the period of borrowings measured at amortised cost

€m	H1 2010	H1 2009	% change
Nominal cost of debt	(10.6)	(26.0)	+59.4%
Gains/losses on hedging instruments	(7.0)	(5.6)	-24.9%
Nominal cost of debt after hedging	(17.6)	(31.6)	+44.4%
Impact of amortised cost method	(5.1)	0.1	NM
Other financial income and expense	(1.3)	(0.4)	NM
Change in fair value of derivatives	(0.6)	0.8	NM
Net finance costs	(24.5)	(31.1)	+21.1%

Attributable Profit

Return to profit

€m	H1 2010	H1 2009	% change
Operating profit	29.9	26.9	+11.1%
Net finance costs	(24.5)	(31.1)	+21.1%
Loss from associates	(0.2)	(0.2)	
Profit/(loss) before tax	5.2	(4.3)	<i>NM</i>
Income tax	(2.2)	1.8	<i>NM</i>
Net profit/(loss)	3.0	(2.5)	<i>NM</i>
Attributable to equity holders of the parent	2.9	(2.7)	<i>NM</i>

Balance Sheet

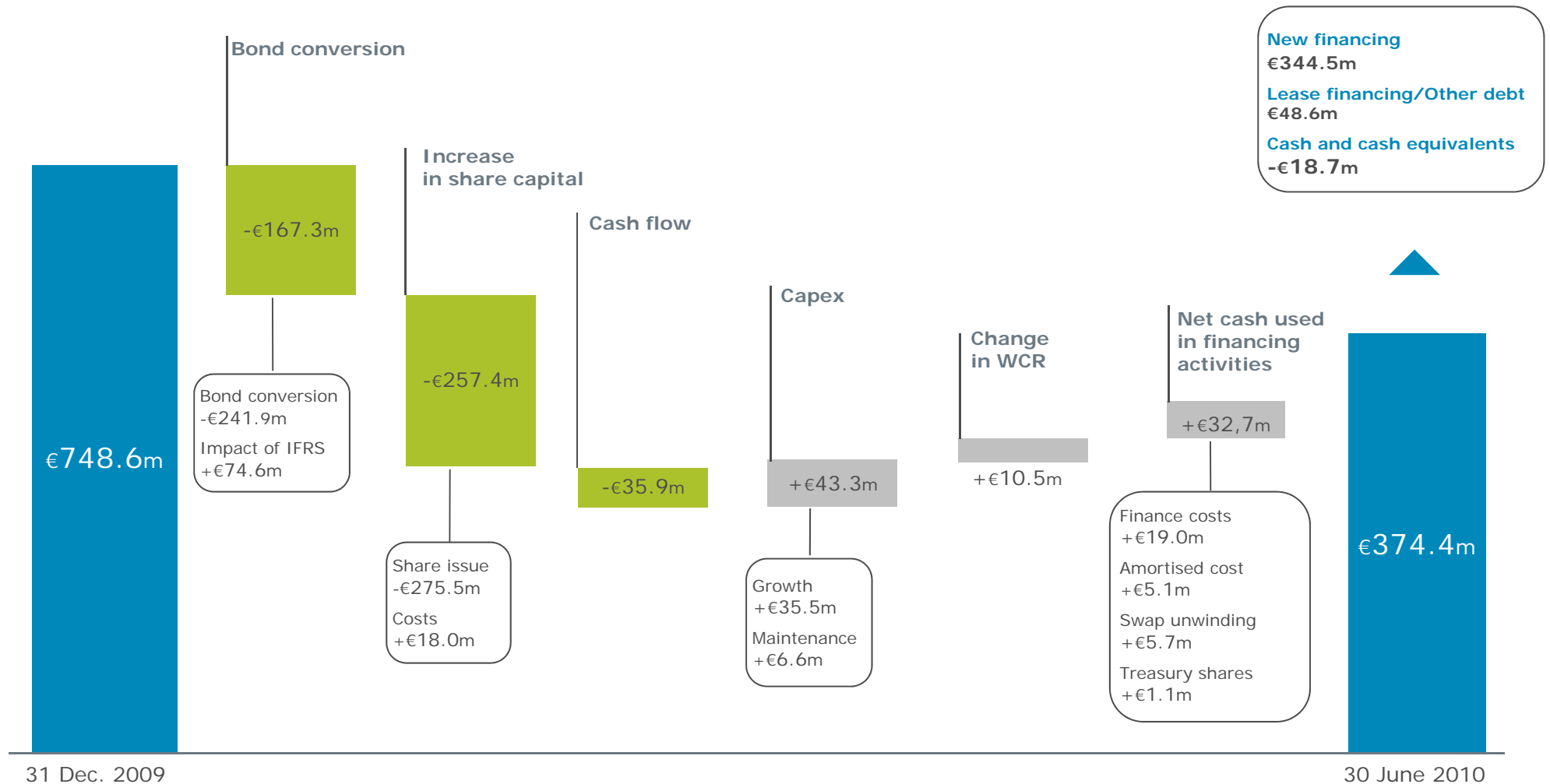
Assets - €m	30 June 2010	31 Dec. 2009
Goodwill	380.6	353.1
Intangible assets	483.3	483.1
Property, plant and equipment*	304.9	294.3
Other non-current assets	22.2	21.3
Inventories	1.9	1.9
Trade receivables	32.8	29.9
Other current assets	27.1	21.1
Cash and cash equivalents	18.7	38.5
Assets held for sale	11.8	11.2
TOTAL ASSETS	1,283.4	1,254.5

Liabilities - €m	30 June 2010	31 Dec. 2009
Share capital	586.5	125.6
Long-term debt	375.5	393.6
Deferred tax liabilities	159.9	191.5
Other non-current liabilities	37.5	55.5
Short-term debt	17.6	393.5
Trade payables	30.8	36.6
Other current liabilities	75.6	58.2
TOTAL LIABILITIES	1,283.4	1,254.5

*Of which €272.8m in land, buildings and assets under construction at 30 June 2010 vs. €263.7m at 31 Dec. 2009

Reduction in Net Debt

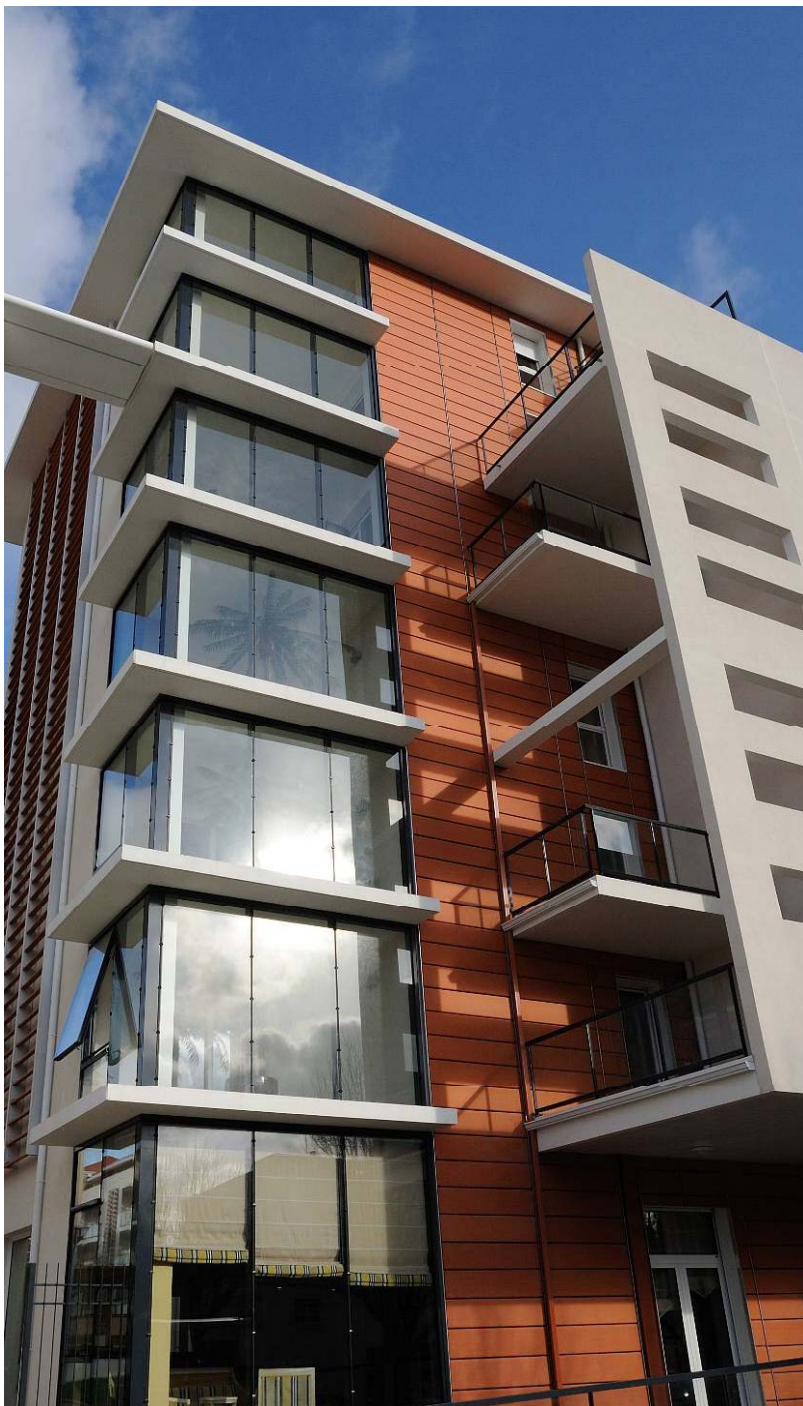
Net debt halved since end-2009



New financing facilities

A sharp reduction in borrowing costs and more flexible financing

- New financing facilities obtained through a club deal
 - ▶ Term loan facility: €350m - Spread reduced to 165 bps - Term 4.6 years
 - ▶ Revolving loan facility: €100m - Term 5 years
- More flexible lines of credit
 - ▶ Additional €150m basket of debt facilities ⇨ property lease financing
- Covenants that leave headroom
 - ▶ Covenant: Net debt/EBITDA < 4.50x until 2011 and gradually declining thereafter
- Swaps: €350m in fixed-rate swaps from January 2011 for an average rate of 1.7%



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Investment Strategy

- Maintain the product mix
 - ▶ France/Italy
 - ▶ Long-term dependency care/Post-acute and psychiatric care
- Own 30% of the property portfolio
 - ▶ For operating reasons
 - ▶ To optimise the balance sheet
- Hold maintenance capex stable (tenant/landlord)
 - ▶ Keep property compliant with the highest quality standards
 - ▶ Objective: average 3% of revenue
 - ▶ Price positioning of the long-term dependency care facilities

Growth Strategy

- Organic growth driven by yield management
 - ▶ Restructuring
 - ▶ Specialisation of the post-acute and psychiatric facilities
 - ▶ Price positioning
- An active commitment to creating new facilities
 - ▶ MEDICA's network and reputation in the regions
 - ▶ Ability to form locally-based teams comprising the local authority, the builder and the real estate investor
 - ▶ Led by a dedicated team in the Post-Acute, Psychiatric and Long-Term Care Department
- A targeted, value-creating acquisitions strategy

Pipeline as at 7 September 2010

	Number of beds
Restructuring	800
Creations	1,740

An organic growth pipeline of around 2,500 beds
20% of the current portfolio
Excluding beds with an option to buy

2010-2012: Objectives

Objectives confirmed

Revenue

45% growth in 2010-2012
including at least 10% in 2010

EBITDAR margin

Maintain margin steady at 26.5%

Investments

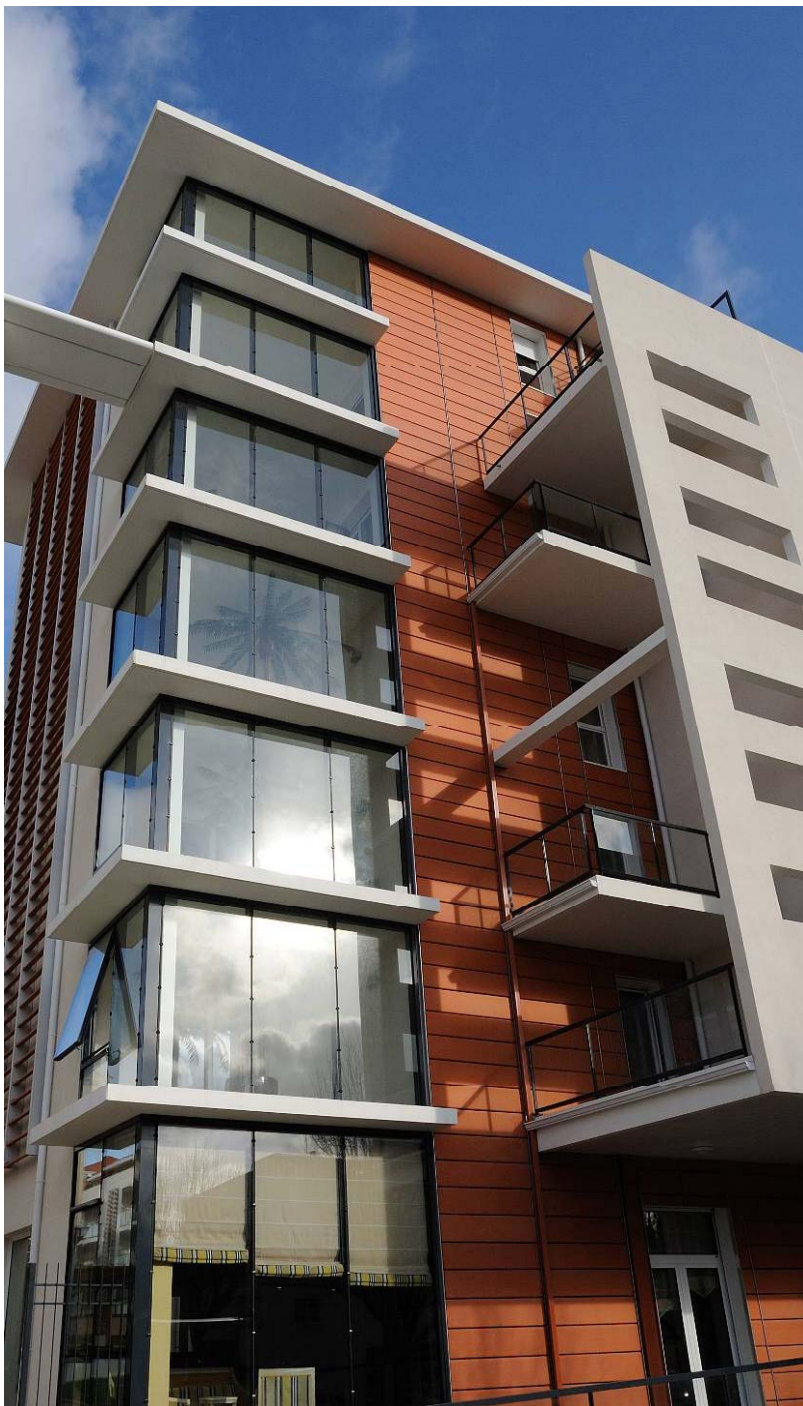
2010–2012: €220m

Deleveraging

Net debt/EBITDA = 3x by 2012

Dividends

20% of consolidated net profit as from
the AGM called to approve the 2010
financial statements



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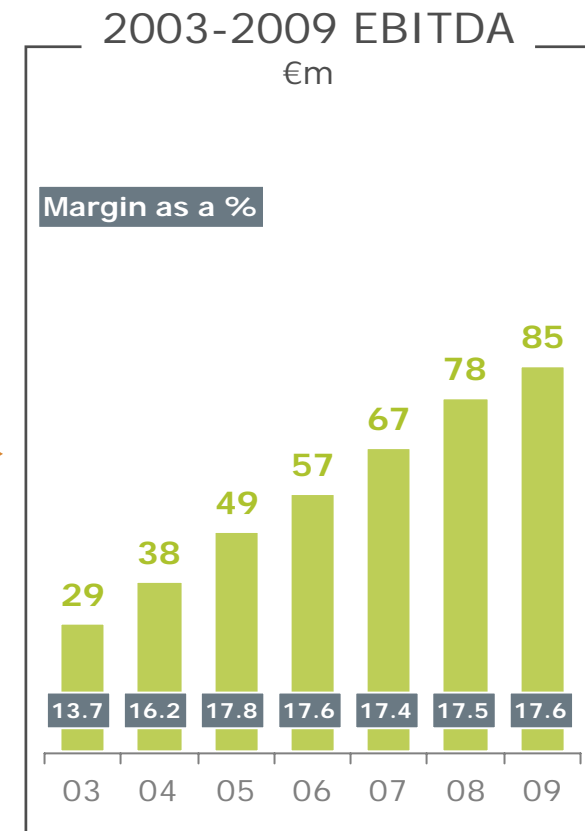
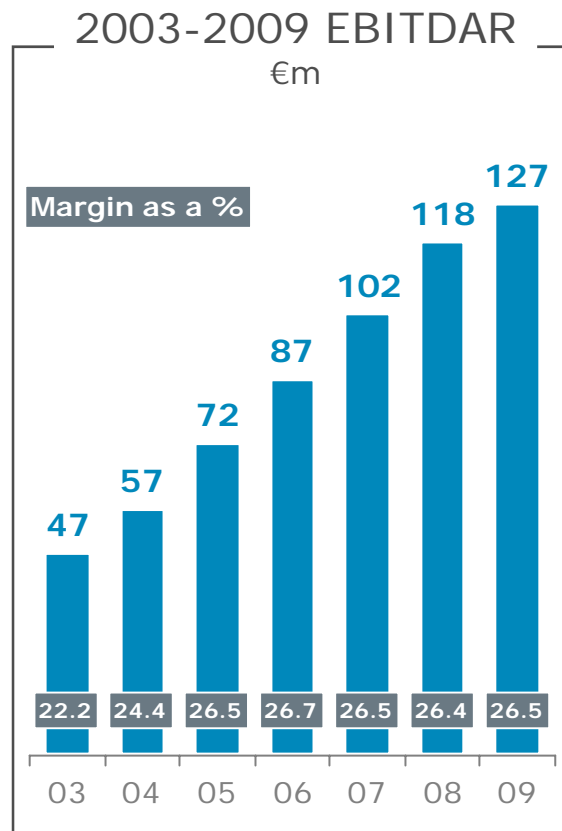
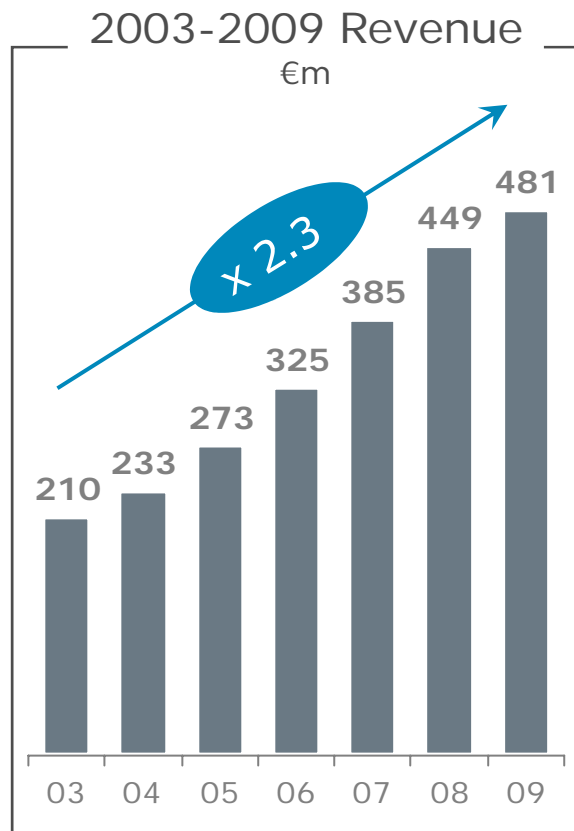


A leading provider of dependency care in France

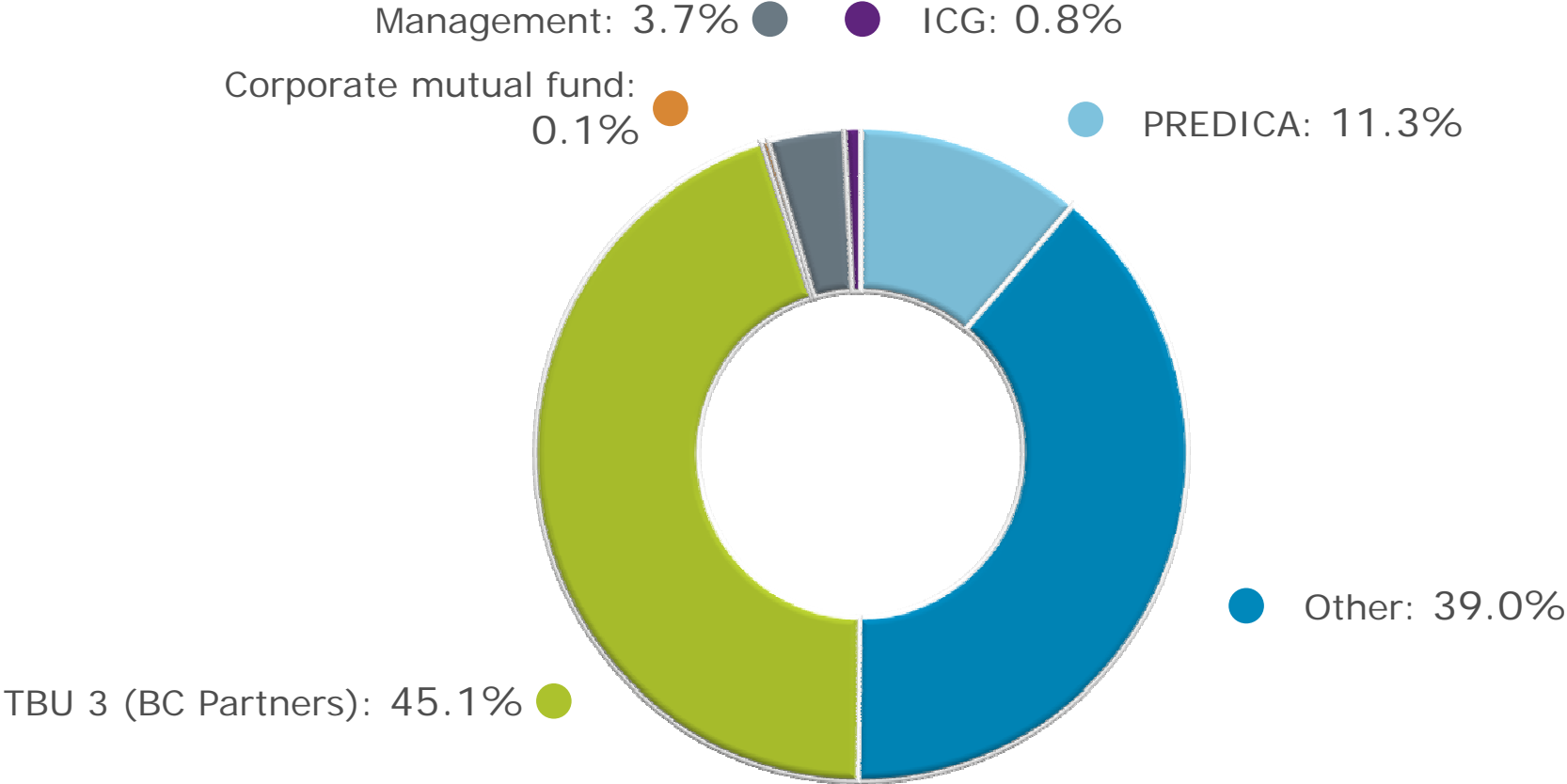
- Third largest French operator
 - ▶ 2009 revenue: €480.7m
 - ▶ 24% CAGR since 1999
- Present in the long and short-term dependency care sectors
 - ▶ Long-term dependency - nursing homes: 70% of revenue
 - ▶ Short-term dependency - post-acute and psychiatric care: 30% of revenue
- A high-quality network in France and Italy
 - ▶ 148 facilities - 11,381 beds
 - ▶ 90% of business in France
- Located in strategic, high-income regions
 - ▶ France: 53% of beds concentrated in Ile de France, PACA and Rhône Alpes
 - ▶ Italy: 85% of beds in Piedmont and Lombardy

MEDICA 2003-2009

A track record of profitable growth



Capital Ownership*



* To the Company's knowledge, based on the threshold disclosures communicated to the Company at the date of preparation of this document

Corporate Governance

Governance in line with best practices

Board of Directors

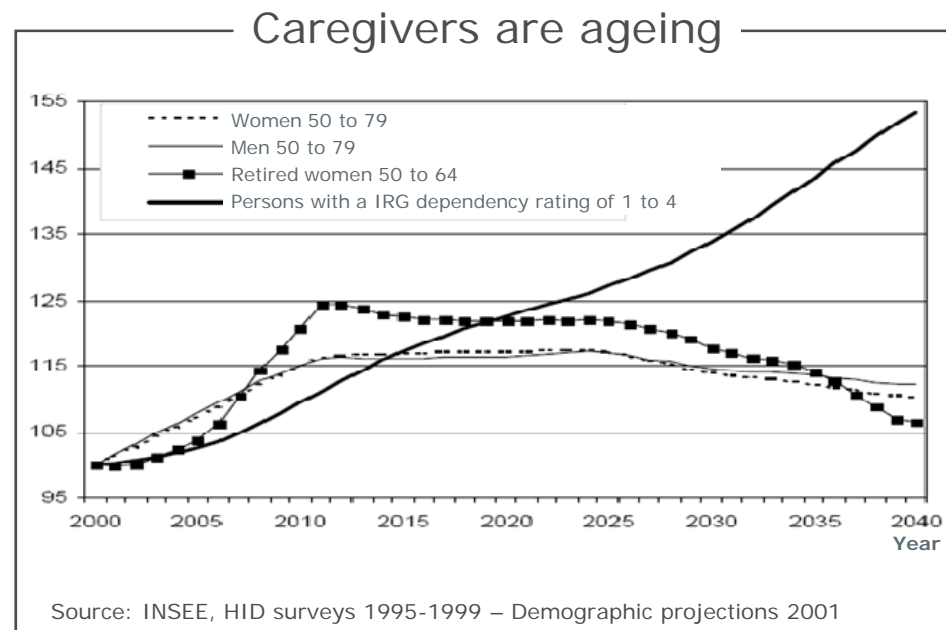
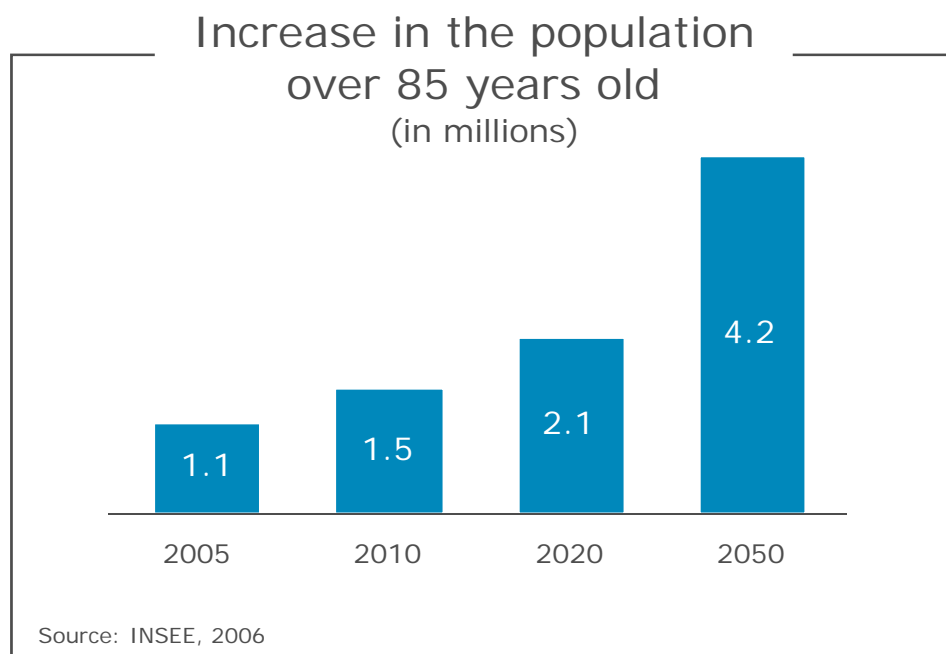
- Chairman and Chief Executive Officer
 - ▶ Jacques Bailet
- 6 Directors
 - ▶ André François-Poncet
 - ▶ Jean-Baptiste Wautier
 - ▶ Denis Villafranca
 - ▶ Catherine Soubie – Independent
 - ▶ Gilles Cojan - Independent
 - ▶ Guy de Panafieu - Independent

- Deputy Chief Executive Officer
 - ▶ Christine Jeandel

- Audit Committee
 - ▶ Chairman: Gilles Cojan - Independent
 - ▶ Catherine Soubie - Independent
 - ▶ Jean-Baptiste Wautier
- Appointments and Compensation Committee
 - ▶ Chairman: André François-Poncet
 - ▶ Guy de Panafieu - Independent
 - ▶ Denis Villafranca

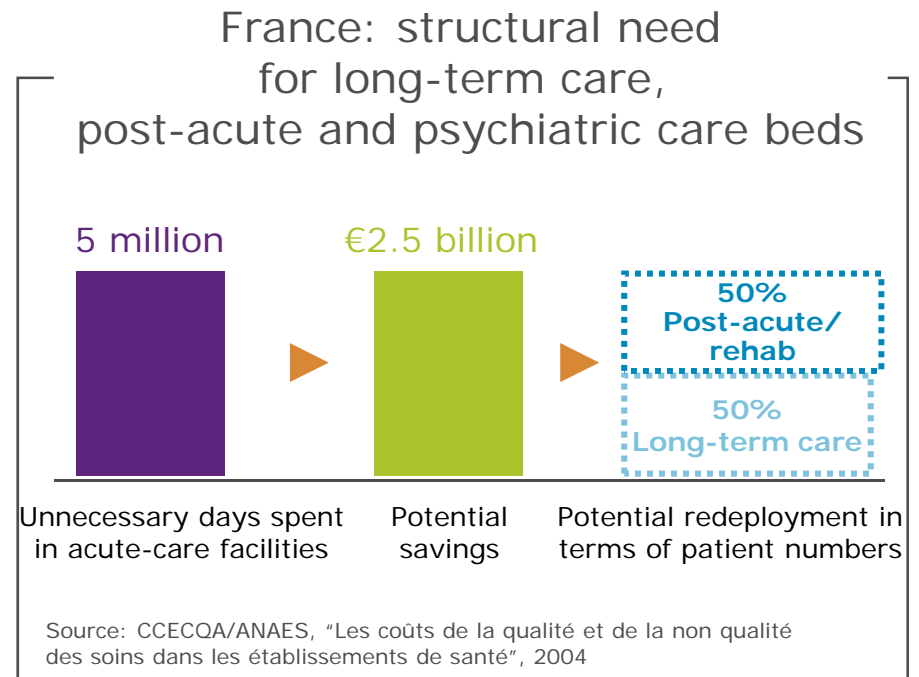
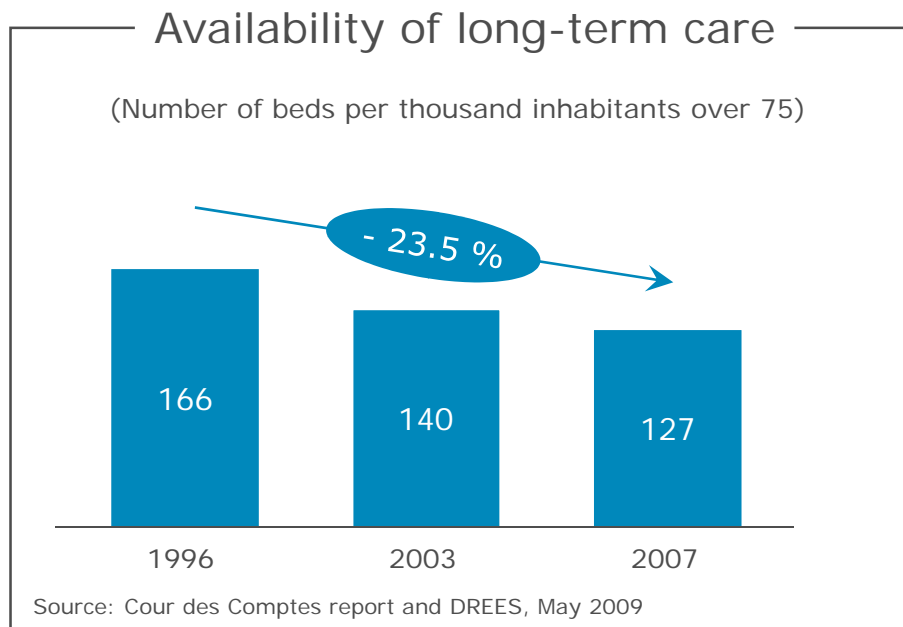
Favourable Demographic Trends

- Overall ageing of the population over 60 years old
- Strong growth in the population of the very elderly (85 and over)
- Increased level of dependency requiring specialised care
- Family caregivers ageing and declining in number



Chronic Undercapacity

- Demand is outpacing supply, despite the succession of government plans
- Increasing post-acute, psychiatric and long-term dependency care capacity could be an effective solution to reducing unnecessary hospital stays
- Limited impact on public healthcare spending



Long-Term Care Revenues Are Mostly Reliant on Residents/End-Customers



Source: DREES - Long-term care market in France and 2006 LEK report and MEDICA December 2009

Post-Acute and Psychiatric Care Market Financed by National Health Insurance and Mutual Insurers

Treatment
Regulated fee
schedule
80%



- Daily rate covered by French National Health Insurance
- Rate is set in the CPOM contract, signed by the operator and the ARS
- Payment covered for all patients under the general regime of the French Social Security system

Services
Unregulated fee
schedule
20%



- Operator free to offer additional services
 - ▶ Private rooms, hotel services, enhanced comfort services
- Paid by mutual and private insurers