

PHARMAGEST

Euronext B – FR0012882389 – PHA

- ✓ 2018 sales € 148.5 million + 14.5% / + 8.3% cc
- ✓ EBIT € 38.9 million + 13.4% (€ 37.7 million expected) – margin of 26.2% vs 26.5% in 2017
- ✓ Net Result € 27 million + 12.7% (expected € 27.1 million) - Net margin of 18.2% vs. 18.7% in 2017
- ✓ Net cash position + 29.9% to € 94.9 million
- ✓ Pharmathek equity investment project up to 49%

Pharmagest is posting results in line with our expectations. As a reminder, one of the highlights of this year is the acquisition of 79% in the Italian company Macrosoft, the leader in computer equipment and services for wholesaler-distributors in pharmacy in Italy. This marks the group's desire to accelerate its deployment outside our borders. In addition to this operation, Pharmagest has entered into structuring partnerships with Korian and Cegedim as part of the deployment of its strategy around e-Health.

In itself, the results do not call for any particular comment, except that Pharmagest continues to perfectly control its development and has major financial levers for its development. In addition, the group announces a 49% stake in Pharmathek, an Italian company specializing in the development, manufacture and installation of robots for medium and large pharmacies. This completes Intecum's offer, which is more oriented towards small pharmacies. More details will be provided later.

By Divisions:

The Ebit of the **Pharmaceuticals Europe division** stood at € 27.1 million (expected € 25.5 million), representing a margin of 23.7% (+0.2 point) - 22.2% expected. Note the improvement of 4 points between S1 and S2 with an Ebit margin of 25.6% in S2. As a reminder, activity grew + 12.8%.

Solutions for Health and Medical and Social Institutions, which posted sales of € 19.3 million, continued to show an exceptional level of profitability with an Ebit of € 8.6 million (expected € 7.9 million) represents a margin of 44.5% (+1.2 point compared to 2017) and shows a margin in H2 of 48% vs 44% in H2 2017.

The e-Health and Fintech Divisions, which generated revenues of € 12.8 million and € 1.7 million respectively, posted an Ebit of € 3.2 million compared to € 4.3 million, representing a margin of 22%. (29.6% achieved in 2017). This "settlement" is due to the investments made to prepare the new offers (initiation of the implementation of the "DMP", compliance monitoring software, agreements with Korian, partnership with Cegedim ...)

What to remember from 2018?

One thing in our opinion: Pharmagest invests both via equity investments and through the establishment of partnerships with major players; innovates by offering systems open to all health professionals; tests new approaches in the image of its acquisition of equity in EMBLEEMA, a Franco-American start-up specialized in sharing health data via Blockchain technology. The Group therefore capitalizes on its know-how and its status to bring technological solutions to the service of health professionals but turned to the patient.

Thus, beyond the economic stakes, we also touch on societal issues. Pharmagest's approach to putting the patient at the heart of the "logical" system remains to have the means to propose the solutions and to be able to deploy them. In our opinion, in addition to the continuation of agreements and equity investments, Pharmagest must accelerate its deployment in Europe so that key players in the healthcare sector see its interest and come as it grates in its reflection and its approach. The market is there, Pharmagest has the know-how, remains to let it know even more.

These very good results confirm our expectations. We reiterate our price target of € 67.3 and therefore our opinion Buy with a potential appreciation of + 24.4%.

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BUY

2018 Results

Eligible PEA

TARGET
€ 67.3

PREVIOUS
€ 67.3

PRICE (3/29/19)
€ 54.1

POTENTIAL
+24.4%

MARKET CAP.
€ 821 M

FREE FLOAT
€ 197 M

Ratios	2018	2019e	2020e
EV/Sales	5,2	4,6	4,0
EV/EBIT	19,7	17,3	14,9
P/E	30,4	26,7	23,5
P/CF	28,7	24,8	23,2
Dividend Yield	0,0	0,0	0,0

Data per share	2017	2018	2019e	2020e
EPS	1,55	1,70	2,03	2,31
%Change	13%	10%	19%	14%
FCF	1,27	1,23	1,99	2,39
%Change	14%	-3%	62%	20%
Dividend	0,75	0,85	0,95	1,08

Income Statement (€m)	2017	2018	2019e	2020e
Net Sales	129,7	148,5	161,8	181,9
%Change	0,0%	14,1%	9,0%	12,5%
Gross Margin	106,2	121,8	132,2	148,0
% Sales	81,9%	82,0%	81,8%	81,4%
EBITDA	38,8	44,1	47,7	53,9
% Sales	29,9%	29,7%	29,5%	29,6%
EBIT	34,3	38,9	43,3	49,0
% Sales	26,5%	26,2%	26,8%	26,9%
Net Result	24,3	27,0	30,8	35,0
% Sales	18,7%	18,2%	19,0%	19,2%

Cash Flow Statement (€m)	2017	2018	2019e	2020e
FCF	19,3	18,7	30,2	36,2
Net Debt	-57,3	-53,0	-70,4	-92,2
Shareholder Equity	104,9	117,1	135,1	155,6
Gearing	-55%	-45%	-52%	-59%
ROCE	30%	28%	29%	27%

Shareholders

Marque Verte Santé	60,5%
La Coopérative Welcoop	6,1%
Fubders	7,8%
Auto Control	1,5%
Free Float	24,1%

Performances	2019	3m	6m	1 Year
Pharmagest	5,9%	5,9%	6,7%	0,6%
CAC Mid & Small	10,9%	10,9%	-10,1%	-9,5%
12 months Low-High	48,3	65,6		

Liquidity	2019	3m	6m	1 Year
Cumulative volume (000)	227	228	539	1 003
% of capital	1,5%	1,5%	3,6%	6,6%
% of Free Float	6,2%	6,2%	14,7%	27,4%
€ Million	12,7	12,8	29,1	56,6

Next Event

Q1 : 16 may

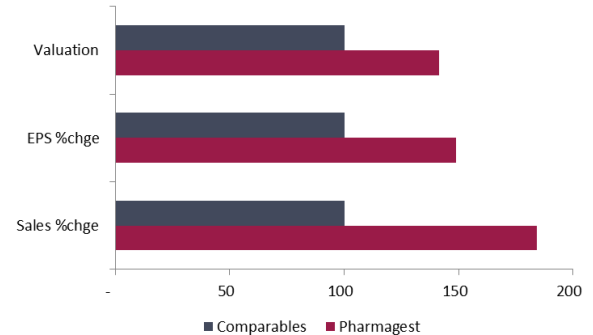
Snapshot PHARMAGEST

PHARMAGEST is the French leader in computational informatics with more than 41% of market share. With more than 1,000 employees, the PHARMAGEST Group's strategy revolves around a core business, IT innovation in the service of healthcare and the development of two priority areas: 1 / services and technologies for patients and health professionals, including support for the pharmacist in monitoring adherence; 2 / Technology areas that can improve the efficiency of health systems. PHARMAGEST has developed specialized professions: computational informatics, solutions for e-Health, solutions for health professionals, solutions for pharmaceutical laboratories, applications and connected health objects, market place in sales financing These activities are divided into 4 Divisions: Solutions Pharmacy Europe, Solutions for health and medico-social establishments, e-Health Solutions and Fintech.

Fondamental Matrix



Investment Profile



Price Target and Rating History

DATE	TYPE	OPINION	PRICE	TARGET PRICE
2/15/19	2018 Sales	Buy	€ 57.3	€ 67.3
11/15/18	Q3 Sales	Buy	€ 49.8	€ 70
9/24/18	H1 Results	Buy	€ 61.5	€ 70
8/03/18	H1 Sales	Buy	€ 59.1	€ 70
7/26/18	Coverage Initiation	Buy	€ 55.5	€ 70

Financial Data

Income Statement (€ m)	2014*	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Revenues	114,6	113,5	128,4	129,7	148,5	161,8	181,9	201,9
Purchase	28,4	24,1	31,5	23,5	26,7	29,5	33,9	37,7
Gross Margin	86,2	89,4	96,9	106,2	121,8	132,2	148,0	164,3
Externals costs	14,4	13,9	14,7	17,5	21,6	21,8	23,7	26,3
Personnals Costs	41,5	42,2	44,6	47,1	53,0	59,3	66,7	74,9
EBITDA	27,6	30,7	35,0	38,8	44,1	47,7	53,9	58,9
Amortization	2,4	2,8	3,8	4,6	5,5	4,2	4,7	5,3
other	0,3	0,3	0,2	0,0	0,2	0,0	0,0	0,0
EBIT	25,5	28,3	31,4	34,3	38,9	43,3	49,0	55,1
Financial Result	1,0	1,0	1,2	1,1	0,9	0,6	1,0	1,6
Tax	9,4	10,3	10,9	10,7	12,7	13,2	15,0	17,0
Net Result	17,0	19,0	21,5	24,3	27,0	30,8	35,0	39,7
Group Net Result	17,0	18,8	20,6	23,2	25,4	29,5	33,6	38,1

Balance Sheet (€ m)	2014*	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Fixed Assets	44,9	46,4	66,8	88,0	117,1	123,5	125,2	127,0
Stock Inventories	2,3	2,4	2,6	2,8	5,1	3,6	4,0	4,5
Accounts Receivable	15,3	16,0	20,2	22,9	32,0	27,0	30,3	33,7
Other Currents Assets	3,4	4,1	6,0	8,7	8,4	11,2	12,6	14,0
Cash & Equivalents	47,7	55,1	55,2	55,7	61,3	74,8	92,5	113,2
TOTAL Assets	113,6	124,0	150,7	178,2	223,8	240,1	264,7	292,3
Shareholders' Equity	81,7	91,6	103,7	104,9	117,1	135,1	155,6	178,9
Provisions	2,0	2,4	3,3	3,4	4,1	4,4	5,0	5,5
Financial Debt	1,6	1,6	10,4	16,9	43,2	39,2	35,1	31,0
Accounts Payables	6,3	6,7	8,2	9,6	11,9	12,1	13,6	15,1
Others Liabilities	21,0	19,0	22,1	39,0	45,9	47,2	53,1	58,9
TOTAL Liabilities	113,6	124,0	150,7	178,2	223,8	240,1	264,7	292,3

Cash Flow Statements (€ m)	2014*	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Cash Flow from Operating Activities	18,0	21,1	23,9	28,0	33,0	35,3	40,3	45,5
Change in Net Working Capital	-1,3	-1,1	-1,3	-0,8	-4,2	5,5	2,3	2,8
Cash Flow from Operations	16,7	20,0	22,6	27,2	28,9	40,8	42,6	48,3
Cash Flow from Investing	-3,3	-4,0	-5,7	-7,9	-10,2	-10,7	-6,4	-7,1
Capital Increase	-11,4	-8,9	-9,3	-11,1	-11,7	-12,7	-14,5	-16,5
Funding Flow	-5,0	-5,4	3,0	7,0	7,7	-4,0	-4,1	-4,1
Cash Flow from Financing	-16,5	-14,5	-9,2	-14,6	-13,3	-16,7	-18,5	-20,6
Net Change in cash position	-3,1	1,4	7,7	4,7	5,4	13,5	17,7	20,7

RATIOS	2014*	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Gross Margin	75,2%	78,8%	75,5%	81,9%	82,0%	81,8%	81,4%	81,4%
Ebitda Margin	24,1%	27,1%	27,3%	29,9%	29,7%	29,5%	29,6%	29,2%
EBIT Margin	22,3%	24,9%	24,4%	26,5%	26,2%	26,8%	26,9%	27,3%
Net Margin	14,8%	16,7%	16,7%	18,7%	18,2%	19,0%	19,2%	19,6%
ROE	20,8%	20,8%	20,7%	23,2%	23,1%	22,8%	22,5%	22,2%
ROCE	27,5%	25,6%	25,8%	30,3%	27,6%	29,4%	27,5%	25,9%
Gearing	-56,5%	-58,5%	-57,4%	-54,6%	-45,2%	-52,1%	-59,2%	-65,4%
FCF per share	0,9	1,1	1,1	1,3	1,2	2,0	2,4	2,7
EPS (€)	1,1	1,3	1,4	1,5	1,7	2,0	2,3	2,6
Dividend per share (€)	0,6	0,6	0,7	0,0	0,9	1,0	1,1	0,0
Dividen Yield	2,9%	2,6%	2,4%	0,0%	1,6%	1,8%	2,0%	0,0%
Distribution rate	47,9%	51,2%	47,3%	0,0%	46,2%	47,0%	47,0%	47,0%

GreenSome Finance Estimates

*Accounts before IFRS 15 / **Accounts after IFRS15

Rating Definition

BUY	NEUTRAL	SELL
Upside > +10%	-10% < Upside < +10%	Upside < -10%

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