

# PHARMAGEST

Euronext B – FR0012882389 – PHA

- ✓ 2019 revenue + 6.78% (+ 5.64% at constant scope) to € 158.6m online (€ 157.2m expected)
- ✓ Dynamic Q4 + 13.4% to € 46.4m / + 11.7% estimated excluding ICT

Pharmagest ended the year very well with an increase in all of its divisions: Pharmacy + 12.2% to € 35m knowing that the contribution of Svemu is negligible, + 19.5% for HSCFS - *Health and Social Care Facilities Solutions* - (+11, 7% excluding ICT) at € 6.36m, e-Health which maintains double-digit growth (+ 11.4% to € 4.44m) while the base effect is less favorable and Fintech which rebounded 49.3% to € 0.6m.

Throughout the year, all entities are in line with our expectations with a confirmed dynamism in e-Health, up 25.8% to € 16.1m.

The Pharmacy generates annual sales of € 121.2m (€ 120.2m expected), up + 5.6% (+ 4.7% like-for-like). Italy realizes € 7.2m (vs € 5.23m in 2018) knowing that in 2018 it contributed from April. The Benelux fell by almost 10% to € 3.8m, suffering from an unfavorable base effect because last year this area had benefited from Group facilities. France, for its part, continues to do very well with an increase of 5.7% at constant scope (€ 110.2m).

The HSCFS rose slightly by 1.2% to € 19.5m but fell by 2.4% excluding ICT. HSCFS suffered from delays in tendering for GHTs while the rest of the business (senior care services center, Home-Based nursing services...) remained growing by 16% (€ 15.5m like-for-like vs €13.3 m in 2018).

2019 and the very beginning of 2020 were above all marked by numerous operations: in June finalization of the acquisition of a stake in Pharmathek to which Intecum was sold (Pharmacy Italy Division - robots for pharmacies) up to 49%; in October acquisition of Svemu (Italy Pharmacy Division - software installed in 800 pharmacies) and ICT (ESMS division - 2018 revenue of € 2.2m / Q4 contribution € 0.7m); January 2020, via Malta positioning on the Belgian market via the acquisition of Care Solutions (publisher present with 630 nursing homes - 41% of market share).

Management has not provided financial information on these transactions except for ICT.

Therefore our post 2019 estimates do not include these structures. On the other hand, we estimated the contribution of ICT at € 2.6m in 2020e for HSCFS. On the senior care services center and Home-Based nursing services perimeter, activity must be able to grow around 10%. There remains the unknown of GHTs through Axigate. We are targeting around € 2m more than in 2019, which brings us to HSCFS 2020e turnover of € 25m.

For the other divisions, we are currently reasoning at constant scope, i.e. € 128.2m for Pharmacy (+ 5.8%), € 19.4m for e-Health (+ 20%) and € 1.85m for Fintech.

Ultimately, we keep our 2020e expectation of a turnover close to € 175m but this includes a return of GHT.

## Conclusion

2019 was an important year in equity investments and the development of partnerships. Pharmagest continues to weave its web with a markedly greater bias in Europe, which represents less than 7% of turnover. Also, with e-Health and Europe, the group has a major growth pool.

## Opinion & target price

We confirm our Buy opinion and our target price of € 69.6.

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# BUY

## 2019 sales + contact

Eligible PEA

TARGET

€ 69.6

PREVIOUS

€ 69.6

PRICE (2/6/20)

€ 63.1

POTENTIAL

+ 10.3%

MARKET CAP.

€ 957.5m

FREE FLOAT

€ 230.7m

Ratios	2019e	2020e	2021e
EV/Sales	5,7	5,1	4,5
EV/EBIT	21,8	19,1	16,6
P/E	32,3	29,1	25,7
P/CF	29,2	24,1	21,4
Dividend Yield	0,0	0,0	0,0

Data per share	2018	2019e	2020e	2021e
EPS	1,70	1,95	2,17	2,45
%Change	10%	15%	11%	13%
FCF	1,23	1,47	2,34	2,68
%Change	-3%	20%	59%	15%
Dividend	0,85	0,92	1,02	1,15

Income Statement (€m)	2018	2019e	2020e	2021e
Net Sales	148,5	158,5	174,7	192,5
%Change	14,5%	6,8%	10,2%	10,2%
Gross Margin	121,8	129,3	141,9	156,3
% Sales	82,0%	81,6%	81,3%	81,2%
EBITDA	44,1	47,5	52,5	59,1
% Sales	29,7%	30,0%	30,1%	30,7%
EBIT	38,9	41,7	46,4	52,0
% Sales	26,2%	26,3%	26,6%	27,0%
Net Result	27,0	29,7	32,9	37,2
% Sales	18,2%	18,7%	18,8%	19,3%

Cash Flow Statement (€m)	2018	2019e	2020e	2021e
FCF	18,7	22,3	35,4	40,7
Net Debt	-53,0	-49,3	-70,8	-96,0
Shareholder Equity	117,1	133,9	152,9	174,6
Gearing	-45%	-37%	-46%	-55%
ROCE	28%	30%	27%	25%

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

Performances	2020	3m	6m	1 Year
Pharmagest	4,1%	15,6%	10,9%	0,0%
CAC Mid & Small	0,4%	4,7%	8,7%	5,3%
12 months Low-High	48,3	62,8		

Liquidity	2020	3m	6m	1 Year
Cumulative volume (000)	127	303	608	997
% of capital	0,8%	2,0%	4,0%	6,6%
% of Free Float	3,5%	8,3%	16,6%	27,3%
€ Million	7,9	18,4	35,7	57,8

Next Event

2019 annual results : 3/27

**GreenSome has signed a research contract with Pharmagest**

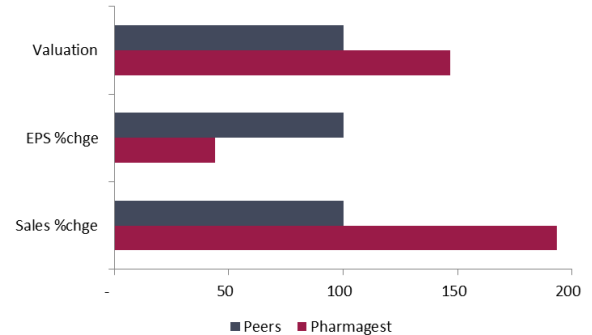
## Snapshot PHARMAGEST

PHARMAGEST is the French leader in computational informatics with 44% 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
1/14/20	Acquisition in Belgium	Buy	€ 61.6	€ 69.6
11/18/19	Q3 Sales	Buy	€ 61.6	€ 67.9
10/14/19	Acquisition in France	Buy	€ 56.6	€ 67.9
10/2/19	Acquisition in Italy	Buy	€ 55,5	€ 64.7
9/23/19	H1 results	Buy	€ 58	€ 64.7
8/5/19	H1 Sales	Buy	€ 58.1	€ 64.7
6/6/19	Pharmathek	Buy	€ 57.6	€ 67.3
5/17/19	Q1 Sales	Buy	€ 53.8	€ 67.3
4/1/19	2018 Results	Buy	€ 54.1	€ 67.3
2/15/19	2018 Sales	Buy	€ 57.3	€ 67.3

## Financial Data

Income Statement (€ m)	2014*	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Revenues	114,6	113,5	128,4	129,7	148,5	158,5	174,7	192,5
Purchase	28,4	24,1	31,5	23,5	26,7	29,3	32,8	36,3
Gross Margin	86,2	89,4	96,9	106,2	121,8	129,3	141,9	156,3
Externals costs	14,4	13,9	14,7	17,5	21,6	21,4	23,0	23,7
Personnals Costs	41,5	42,2	44,6	47,1	53,0	57,1	62,8	69,4
EBITDA	27,6	30,7	35,0	38,8	44,1	47,5	52,5	59,1
Amortization	2,4	2,8	3,8	4,6	5,5	5,7	6,3	6,9
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	41,7	46,4	52,0
Financial Result	1,0	1,0	1,2	1,1	0,9	0,6	0,6	1,1
Tax	9,4	10,3	10,9	10,7	12,7	12,7	14,1	15,9
Net Result	17,0	19,0	21,5	24,3	27,0	29,7	32,9	37,2
Group Net Result	17,0	18,8	20,6	23,2	25,4	28,5	31,6	35,7

Balance Sheet (€ m)	2014*	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Fixed Assets	44,9	46,4	66,8	88,0	117,1	143,0	142,8	142,6
Stock Inventories	2,3	2,4	2,6	2,8	5,1	3,5	3,9	4,3
Accounts Receivable	15,3	16,0	20,2	22,9	32,0	26,4	29,1	32,1
Other Currents Assests	3,4	4,1	6,0	8,7	8,4	11,0	12,1	13,4
Cash & Equivalents	47,7	55,1	55,2	55,7	61,3	70,4	87,8	108,9
TOTAL Assets	113,6	124,0	150,7	178,2	223,8	254,4	275,8	301,3
Shareholders' Equity	81,7	91,6	103,7	104,9	117,1	133,9	152,9	174,6
Provisions	2,0	2,4	3,3	3,4	4,1	4,3	4,8	5,3
Financial Debt	1,6	1,6	10,4	16,9	43,2	56,0	51,9	47,8
Accounts Payables	6,3	6,7	8,2	9,6	11,9	11,9	13,1	14,4
Others Liabilities	21,0	19,0	22,1	39,0	45,9	46,2	51,0	56,2
TOTAL Liabilities	113,6	124,0	150,7	178,2	223,8	254,4	275,8	301,3

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	32,7	39,7	44,8
Change in Net Working Capital	-1,3	-1,1	-1,3	-0,8	-4,2	5,1	1,8	2,6
Cash Flow from Operations	16,7	20,0	22,6	27,2	28,9	37,9	41,6	47,4
Cash Flow from Investing	-3,3	-4,0	-5,7	-7,9	-10,2	-15,5	-6,1	-6,7
Capital Increase	-11,4	-8,9	-9,3	-11,1	-11,7	-13,5	-13,9	-15,5
Funding Flow	-5,0	-5,4	3,0	7,0	7,7	8,5	-4,1	-4,1
Cash Flow from Financing	-16,5	-14,5	-9,2	-14,6	-13,3	-13,2	-18,0	-19,6
Net Change in cash position	-3,1	1,4	7,7	4,7	5,4	9,1	17,4	21,1

RATIOS	2014*	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Gross Margin	75,2%	78,8%	75,5%	81,9%	82,0%	81,6%	81,3%	81,2%
Ebitda Margin	24,1%	27,1%	27,3%	29,9%	29,7%	30,0%	30,1%	30,7%
EBIT Margin	22,3%	24,9%	24,4%	26,5%	26,2%	26,3%	26,6%	27,0%
Net Margin	14,8%	16,7%	16,7%	18,7%	18,2%	18,7%	18,8%	19,3%
ROE	20,8%	20,8%	20,7%	23,2%	23,1%	22,1%	21,5%	21,3%
ROCE	27,5%	25,6%	25,8%	30,3%	27,6%	29,8%	27,4%	25,5%
Gearing	-56,5%	-58,5%	-57,4%	-54,6%	-45,2%	-36,8%	-46,3%	-55,0%
FCF per share	0,9	1,1	1,1	1,3	1,2	1,5	2,3	2,7
EPS (€)	1,1	1,3	1,4	1,5	1,7	2,0	2,2	2,5
Dividend per share (€)	0,6	0,6	0,7	0,0	0,9	0,9	1,0	1,2
Dividen Yield	2,9%	2,6%	2,4%	0,0%	1,3%	1,5%	1,6%	1,8%
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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NO	NO	YES	YES	NO	NO

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