

PHARMAGEST

Euronext B – FR0012882389 – PHA

- ✓ Improved results - a little better than expected
- ✓ Sales up 6.6% to € 76.9m / EPS + 7.4% - margin 24.3% (23.4% expected) / Net Result + 20% - margin 18.9%
- ✓ Gearing -41.9% vs -45.2% at 31/12/18

Pharmacy Europe posted a 21.9% (21% expected) margin up 0.2 points. We were more cautious because of the recent strengthening in Italy via external growth. As a reminder, Pharmagest acquired Macrosoft in March 2018 (sales of € 5.2 million over 9 months) and increased its stake in Pharmathek to 49% in June.

Unsurprisingly, the Health and Social Care Facilities Solutions Division saw its margin fall slightly to 37.8% vs. 40.2% in H1 2018 (35% expected) due to long administrative decision-making processes by hospitals, slowing the development of business (Axigate).

The e-Health and Fintech margin improved by 3 points to 26.3% (28% expected) and this despite the difficulties encountered in Fintech (14.4% decline in turnover in H1 € 0.77 million).

Net profit benefited from the sale of Intecum shares to Pharmathek for € 1.4 million. Restated for this item it is up 8.5%.

At the balance sheet level, the group further improves its gross cash position to € 104.9m vs. € 95.8m in H1 2018 and € 94.4m in 31/12.

This H1 does not call for any particular comments except that Pharmagest continues to perfectly control its development. Development that will be able to rely on the H2 on the launch in early October of its health platform within the Marseille Public University Hospital (AP-HM). The purpose of the latter is to optimize the coordination of the ensuring the coordination of the patient care pathway between the non-hospital and hospital sectors. It has the distinction of being open to all health professionals. Another interesting element, the AP-HM has worked with different publishers including CEGEDIM, also competitor of Pharmagest. This shows that Pharmagest knows how to set up partnerships with different players, sometimes even competitors in other segments, in order to propose the best solution. This approach is a force for future developments as it will certainly facilitate other locations whether in France or internationally.

Finally, this highlights the e-Health division which is, in our opinion, the division that offers the most leverage.

The management also insists that the group has identified new opportunities to develop its activity in the the automation of business lines, health centres and nursing homes. Does this mean that one can expect future external growth operations, there is only one step especially that Pharmagest largely has the means.

This H1 reinforces our expectations for the year and our opinion on the value whose potential, particularly in e-Health, is still far from being perfectly measurable.

Target price : We confirm our goal of € 64.7 and our Buy opinion.

Arnaud Riverain
+ 33 (0)1 76 70 35 34
ariverain@greensome-finance.com

BUY

H1 results

Eligible PEA

TARGET PREVIOUS
€ 64.7 € 64.7

PRICE (9/20/19) POTENTIAL
€ 58 +11.3%

MARKET CAP. FREE FLOAT
€ 880m € 212m

Ratios	2019e	2020e	2021e
EV/Sales	5,2	4,7	4,2
EV/EBIT	19,8	17,6	15,6
P/E	29,6	27,0	24,4
P/CF	24,5	22,5	20,3
Dividend Yield	0,0	0,0	0,0

Data per share	2018	2019e	2020e	2021e
EPS	1,70	1,96	2,15	2,38
%Change	10%	15%	10%	11%
FCF	1,23	1,68	2,29	2,57
%Change	-3%	36%	37%	12%
Dividend	0,85	0,92	1,01	1,12

Income Statement (€m)	2018	2019e	2020e	2021e
Net Sales	148,5	158,0	172,4	187,9
%Change	14,5%	6,4%	9,1%	9,0%
Gross Margin	121,8	129,2	140,3	152,9
% Sales	82,0%	81,8%	81,4%	81,4%
EBITDA	44,1	47,5	52,1	57,2
% Sales	29,7%	30,1%	30,2%	30,4%
EBIT	38,9	41,8	45,9	50,4
% Sales	26,2%	26,5%	26,6%	26,8%
Net Result	27,0	29,7	32,6	36,1
% Sales	18,2%	18,8%	18,9%	19,2%

Cash Flow Statement (€m)	2018	2019e	2020e	2021e
FCF	18,7	25,4	34,8	39,0
Net Debt	-53,0	-50,8	-71,7	-95,3
Shareholder Equity	117,1	134,0	152,6	173,4
Gearing	-45%	-38%	-47%	-55%
ROCE	28%	29%	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	2019	3m	6m	1 Year
Pharmagest	13,5%	-1,5%	1,9%	-1,7%
CAC Mid & Small	14,6%	0,8%	1,8%	-7,2%
12 months Low-High	48,3	61,5		

Liquidity	2019	3m	6m	1 Year
Cumulative volume (000)	655	262	445	1 053
% of capital	4,3%	1,7%	2,9%	6,9%
% of Free Float	17,9%	7,2%	12,2%	28,8%
€ Million	36,9	14,7	25,2	58,6

Next Event Sales Q3 : 11/15

GreenSome has signed a research contract with Pharmagest

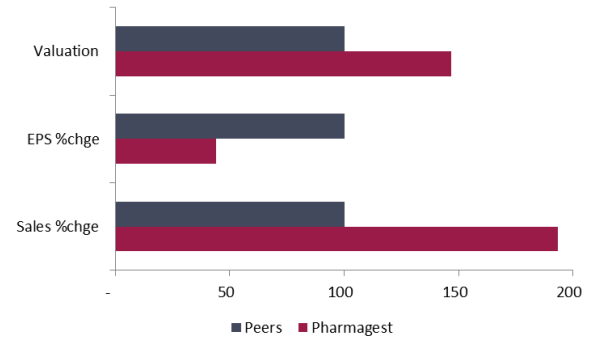
Snapshot PHARMAGEST

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
	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
11/15/18	Q3 Sales	Buy	€ 49.8	€ 70
9/24/18	H1 Results	Buy	€ 61.5	€ 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	158,0	172,4	187,9
Purchase	28,4	24,1	31,5	23,5	26,7	28,8	32,2	35,0
Gross Margin	86,2	89,4	96,9	106,2	121,8	129,2	140,3	152,9
Externals costs	14,4	13,9	14,7	17,5	21,6	21,5	22,7	23,1
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	45,1	47,4	51,0
Amortization	2,4	2,8	3,8	4,6	5,5	4,1	4,5	4,9
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	41,8	45,9	50,4
Financial Result	1,0	1,0	1,2	1,1	0,9	0,6	1,0	1,5
Tax	9,4	10,3	10,9	10,7	12,7	12,7	14,1	15,6
Net Result	17,0	19,0	21,5	24,3	27,0	29,7	32,9	36,3
Group Net Result	17,0	18,8	20,6	23,2	25,4	28,5	31,5	34,9
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	125,0	126,7
Stock Inventories	2,3	2,4	2,6	2,8	5,1	3,5	3,8	4,2
Accounts Receivable	15,3	16,0	20,2	22,9	32,0	26,3	28,7	31,3
Other Currents Assets	3,4	4,1	6,0	8,7	8,4	11,0	12,0	13,1
Cash & Equivalents	47,7	55,1	55,2	55,7	61,3	73,3	88,6	106,3
TOTAL Assets	113,6	124,0	150,7	178,2	223,8	237,6	258,2	281,6
Shareholders' Equity	81,7	91,6	103,7	104,9	117,1	134,1	152,9	173,8
Provisions	2,0	2,4	3,3	3,4	4,1	4,3	4,7	5,2
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	11,9	12,9	14,1
Others Liabilities	21,0	19,0	22,1	39,0	45,9	46,1	50,3	54,8
TOTAL Liabilities	113,6	124,0	150,7	178,2	223,8	237,6	258,2	281,6
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	34,1	37,7	41,6
Change in Net Working Capital	-1,3	-1,1	-1,3	-0,8	-4,2	5,1	1,6	2,3
Cash Flow from Operations	16,7	20,0	22,6	27,2	28,9	39,2	39,4	43,9
Cash Flow from Investing	-3,3	-4,0	-5,7	-7,9	-10,2	-10,5	-6,0	-6,6
Capital Increase	-11,4	-8,9	-9,3	-11,1	-11,7	-12,7	-14,0	-15,4
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	-18,0	-19,6
Net Change in cash position	-3,1	1,4	7,7	4,7	5,4	12,0	15,3	17,8
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%	28,5%	27,5%	27,1%
EBIT Margin	22,3%	24,9%	24,4%	26,5%	26,2%	26,5%	26,6%	26,8%
Net Margin	14,8%	16,7%	16,7%	18,7%	18,2%	18,8%	19,1%	19,3%
ROE	20,8%	20,8%	20,7%	23,2%	23,1%	22,2%	21,5%	20,9%
ROCE	27,5%	25,6%	25,8%	30,3%	27,6%	29,0%	27,0%	25,3%
Gearing	-56,5%	-58,5%	-57,4%	-54,6%	-45,2%	-51,4%	-57,7%	-63,4%
FCF per share	0,9	1,1	1,1	1,3	1,2	1,9	2,2	2,5
EPS (€)	1,1	1,3	1,4	1,5	1,7	2,0	2,2	2,4
Dividend per share (€)	0,6	0,6	0,7	0,0	0,9	0,9	1,0	1,1
Dividen Yield	2,9%	2,6%	2,4%	0,0%	1,5%	1,6%	1,8%	1,9%
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%

Disclosures

Corporate Finance operation in progress or completed during the last 12 months	GreenSome Consulting and affiliate owns common equity securities of this subject company	Financial Analysis Contract	Notice to the company before publication	Liquidity Contract	Liquidity Provider
NO	NO	YES	YES	NO	NO

Warnings

This publication was prepared by Greensome Finance on behalf of GreenSome Consulting. It is issued for informational purposes only and does not constitute a solicitation of orders to buy or sell securities mentioned therein.

The information contained in this publication and all opinions contained therein are based on sources believed reliable. However Greensome Consulting does not warrant the accuracy or completeness of this information and no one can rely. All opinions, projections and / or estimates contained in this publication reflect the decision of Greensome Consulting on the date and may be subject to change without notice. This publication is for informational purposes only to professional investors who are supposed to develop their own investment decisions without relying improperly on this publication. Investors must make their own judgments about the appropriateness of investing in any securities mentioned in this publication taking into account the merits and risks attached to them, their own investment strategy and their legal status, fiscal and financial. Past performance is by no means a guarantee for the future. Because of this publication, neither Greensome Consulting nor any of its officers or employees, can not be held responsible for any investment decision. In accordance with the regulations and to prevent and avoid conflicts of interest with respect to any investment recommendations, Greensome Consulting has developed and maintains an effective operational management of conflicts of interest. The system for managing conflicts of interest is to prevent, with reasonable certainty, any breach of the principles and rules of professional conduct. It is constantly updated to reflect regulatory changes and changes in the activity of Greensome Consulting. Greensome Consulting intends at all times, act with respect for the integrity of the market and the primacy of the interests of its customers. To this end, Greensome Consulting has set up an organization's business and the procedures commonly called "Chinese Wall" whose purpose is to prevent the improper circulation of confidential information, and organizational and administrative arrangements to ensure transparency in situations likely to be perceived as conflicts of interest by investors. This publication is in terms of its distribution in the UK, only for people considered persons licensed or exempt under the Financial Services Act 1986 in the United Kingdom or any regulations passed under it or to persons as described in section 11 (3) of the Financial Services Act 1986 (Investment Advertisement) (Exemptions) Order 1997 and is not intended to be distributed or communicated, directly or indirectly, to any other type of person. The distribution of this publication in other jurisdictions may be restricted by applicable law, and anyone who would come to be in possession of this book should learn and observe such restrictions.