

PHARMAGEST

Euronext B – FR0012882389 – PHA

- ✓ Strengthening in Sanitary & Medico-Social establishments
- ✓ Acquisition of 70% of the ICT group specialized in houses, centers & multi-professional health centers (MSP)
- ✓ Sales 2018 of € 2.2 million - net margin 6.3%

Pharmagest strengthens its network in the coordination of care by health professionals. Through Malta Informatique, the group offered solutions for nursing homes, ALFs, hospital at home programs, home-based nursing programmes (SSIAD) and senior service centres (CLIC), retirement homes but not yet for centers and health centers. These are multidisciplinary structures bringing together various health professionals. These centers respond, most of the time, to the problem of medical desertification.

To date, there are 735 centers in France or "health homes" having signed the Interprofessional Agreement with the Health Insurance, ICT holding 23% of market share, or 170 homes.

In addition to this element, it should be emphasized that Pharmagest was not present with its solutions to doctors, nurses and physiotherapists city. This acquisition enables it to broaden its audience and strengthen its approach to the City-Hôpital health care program, which is the heart of its strategy both in France and internationally for the ESMS Division.

Another notable element of ICT, besides being a publisher, he is also a health data host just like Pharmagest. This element demonstrates its technical competence.

In terms of figures, last year ICT achieved a turnover of € 2.2 million (+ 7.3%) for a net margin of 6.3%. Moreover, it is important to note that its development has operated until then without commercial. We can therefore reasonably expect a doubling of activity to 2-3 years because now a real business strategy will be able to be put in place. At this time, ICT should also return to levels of profitability more related to the status of publisher. Finally, the group did not mention prices but considering the size and typology of ICT, 1 time the sales seems possible considering that the founders retain 30% of the capital.

For 2019, the contribution of sales should be about € 500-600 K, we expect a turnover of € 2.6m in 2020e and € 2.9m in 2021e with an operational profitability which should in the medium term to get closer to the standards of the group. Based on the information available, we estimate 2017 operating margin at 18% and 2018 at 9%. The impact in terms of EPS is + 0.1% in 2019e, + 1.1% in 2020e and + 1.5% in 2021e. These estimates do not yet include Svemu, acquired at the beginning of October but for which no figures have been provided.

To return to Pharmagest's strategy of developing solutions that optimize the patient journey, on October 4th, the Ville-Hôpital footbridge in Marseille was officially launched, Pharmagest being the coordinator.

There were more than 600 registrations for 300 places and the 4 URPS (Regional Unions of Health Professionals) were present. Thus, within Bouches-du-Rhône the 3rd CHU of France, 211 EHPAD, 26 SSIAD, 7 HAD, 757 pharmacists, 3784 doctors have a tool connecting them with the aim of facilitating the patient journey, make it more efficient and therefore less expensive.

Conclusion

Pharmagest weaves its web in small touches and makes it more and more inevitable and that whatever the divisions. The group has ample means to continue in this way knowing that in the background, in addition to France, it is Europe that is targeted. The integration of ICT with our forecasts as well as the evolution of the risk premium induce an increase of our price target to € 67.9.

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BUY

Acquisition

Eligible PEA

TARGET **PREVIOUS**
€ 67.9 **€ 64.7**

PRICE (10/11/19) **POTENTIAL**
€ 56.6 **+ 20%**

MARKET CAP. **FREE FLOAT**
€ 858m **€ 207m**

Ratios	2019e	2020e	2021e
EV/Sales	5,1	4,5	4,0
EV/EBIT	19,3	17,0	14,9
P/E	28,9	26,1	23,5
P/CF	26,1	21,6	19,6
Dividend Yield	0,0	0,0	0,0

Data per share	2018	2019e	2020e	2021e
EPS	1,70	1,96	2,17	2,41
%Change	10%	15%	11%	11%
FCF	1,23	1,48	2,33	2,60
%Change	-3%	20%	57%	12%
Dividend	0,85	0,92	1,02	1,13

Income Statement (€m)	2018	2019e	2020e	2021e
Net Sales	148,5	158,6	175,1	190,8
%Change	14,5%	6,8%	10,4%	9,0%
Gross Margin	121,8	129,4	142,3	154,9
% Sales	82,0%	81,6%	81,3%	81,2%
EBITDA	44,1	47,6	52,8	58,0
% Sales	29,7%	30,0%	30,1%	30,4%
EBIT	38,9	41,9	46,5	51,1
% Sales	26,2%	26,4%	26,5%	26,8%
Net Result	27,0	29,8	32,9	36,6
% Sales	18,2%	18,8%	18,8%	19,2%

Cash Flow Statement (€m)	2018	2019e	2020e	2021e
FCF	18,7	22,5	35,4	39,5
Net Debt	-53,0	-49,4	-70,9	-94,9
Shareholder Equity	117,1	134,0	153,0	174,1
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	2019	3m	6m	1 Year
Pharmagest	10,8%	-5,7%	-3,4%	5,6%
CAC Mid & Small	12,8%	-1,9%	-2,0%	-0,7%
12 months Low-High	48,3	60,8		

Liquidity	2019	3m	6m	1 Year
Cumulative volume (000)	739	301	462	993
% of capital	4,9%	2,0%	3,0%	6,5%
% of Free Float	20,2%	8,2%	12,6%	27,1%
€ Million	41,7	16,8	26,1	54,8

Next Event Sales Q3 : 11/15

GreenSome has signed a research contract with Pharmagest

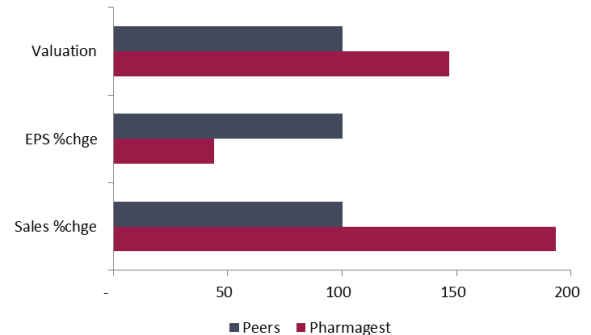
Snapshot PHARMAGEST

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
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
11/15/18	Q3 Sales	Buy	€ 49.8	€ 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	158,6	175,1	190,8
Purchase	28,4	24,1	31,5	23,5	26,7	29,3	32,8	36,0
Gross Margin	86,2	89,4	96,9	106,2	121,8	129,4	142,3	154,9
Externals costs	14,4	13,9	14,7	17,5	21,6	21,4	23,0	23,5
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	47,6	52,8	58,0
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	41,9	46,5	51,1
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	12,8	14,1	15,7
Net Result	17,0	19,0	21,5	24,3	27,0	29,8	32,9	36,6
Group Net Result	17,0	18,8	20,6	23,2	25,4	28,6	31,6	35,1

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	4,2
Accounts Receivable	15,3	16,0	20,2	22,9	32,0	26,4	29,2	31,8
Other Currents Assets	3,4	4,1	6,0	8,7	8,4	11,0	12,2	13,3
Cash & Equivalents	47,7	55,1	55,2	55,7	61,3	70,5	87,9	107,9
TOTAL Assets	113,6	124,0	150,7	178,2	223,8	254,5	276,0	299,8
Shareholders' Equity	81,7	91,6	103,7	104,9	117,1	134,0	153,0	174,1
Provisions	2,0	2,4	3,3	3,4	4,1	4,3	4,8	5,2
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	14,3
Others Liabilities	21,0	19,0	22,1	39,0	45,9	46,3	51,1	55,7
TOTAL Liabilities	113,6	124,0	150,7	178,2	223,8	254,5	276,0	299,8

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	32,9	39,7	43,9
Change in Net Working Capital	-1,3	-1,1	-1,3	-0,8	-4,2	5,2	1,9	2,3
Cash Flow from Operations	16,7	20,0	22,6	27,2	28,9	38,1	41,6	46,2
Cash Flow from Investing	-3,3	-4,0	-5,7	-7,9	-10,2	-15,6	-6,1	-6,7
Capital Increase	-11,4	-8,9	-9,3	-11,1	-11,7	-13,5	-14,0	-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	9,3	17,4	19,9

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%	30,4%
EBIT Margin	22,3%	24,9%	24,4%	26,5%	26,2%	26,4%	26,5%	26,8%
Net Margin	14,8%	16,7%	16,7%	18,7%	18,2%	18,8%	18,8%	19,2%
ROE	20,8%	20,8%	20,7%	23,2%	23,1%	22,2%	21,5%	21,0%
ROCE	27,5%	25,6%	25,8%	30,3%	27,6%	29,9%	27,4%	25,3%
Gearing	-56,5%	-58,5%	-57,4%	-54,6%	-45,2%	-36,9%	-46,3%	-54,5%
FCF per share	0,9	1,1	1,1	1,3	1,2	1,5	2,3	2,6
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%	2,0%
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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NO	NO	YES	YES	NO	NO

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