

PHARMAGEST

Euronext B – FR0012882389 – PHA

- ✓ Pharmacy Europe and e-Health drive growth
- ✓ Q1 sales + 10.3% (+ 3.9% cs) to € 38.2 million

Pharmagest started well the year driven by the Pharmaceuticals Europe division (€ 29.4 million + 10.5%) and by the e-Health (€ 3.7 million + 25.5%) knowing that over the year we aim respective increases of + 5.8% and + 20%.

The Pharmaceuticals Europe division benefited from the Macrosoft acquisition in Italy in Q2 2018. The latter, which had brought in a turnover of € 5.2m for the full year, generated a turnover of € 2.2m in Q1 2019. We are expecting € 7.1m over the year. In France, Belgium and Luxembourg, activity increased by 2.2%, given that the group sold a non-significant resale of SME software. Also, on a like-for-like basis, business grew by 3.3%.

This first quarter is in line with our expectations over the year and can be seen, at constant growth rate, as a low point. Indeed, management insists that sales of software and associated services have slowed down in France and that in Belgium we reach the end of the facilities on the pharmacy grouping sites. We can therefore legitimately expect commercial efforts to be made.

In addition, new shareholding operations in Europe are possible, such as the announced Q1 acquisition project for the Italian company Pharmathek (a robotic offering for medium and large pharmacies). The group could target structures to penetrate new markets (Germany, Spain ...) or to expand its product portfolio.

The e-Health division, which is able to offer the most important leverage effect in our opinion, benefits in particular from the e-Connect (Personal Medical Record ...) and e-Patients (NoviaCare™ - health box at home care ...).

In contrast with the previously mentioned divisions, the Solutions Division for Healthcare and Medical Social Institutions (HMSI) and the Fintech division lag behind our annual expectations. The first shows a turnover of € 4.7 million (+ 2.8%) and the second

€ 0.4 million (-21.8%) while we aim + 18.3% respectively (+ 10% excluding Territorial Hospital Group contribution) and + 30%. For the HMSI division, the management posted a positive discourse by highlighting the growth of its recurring sales (+ 22.2%) as well as the good momentum of "EHPAD & SSIAD". Nevertheless, the group has more trouble with hospital levels, a market that works through license sales. It is therefore by nature more cyclical. Compared to our expectation over the year, it will be necessary to be vigilant especially as we integrate the rise of the Territorial Hospital Group (THG) and to date no new announcement has occurred.

To conclude, this Q1 reinforces our expectations for Pharmacy and e-Health and brings a point of vigilance for the HMSI especially Hospital part which has a character much more cyclical and which depends strongly, with regard to our projections, tenders for THG. Nevertheless because of the "masses" by Divisions we remain serene.

Beyond this short-term vision, the management continues to insist on its "Patient Centered" strategy which, in the end, should enable it to become one of the actors, even the unavoidable player in terms of technological infrastructures at the service of patient made available to health professionals. The idea, in our opinion, is that Pharmagest, thanks to the infrastructures it has built to facilitate the circulation of Patient data, makes them accessible to other actors against a right of way.

As it stands, we confirm our price target of € 67.3 and therefore our Buy Opinion.

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BUY

Q1 Sales

Eligible PEA

TARGET **PREVIOUS**
€ 67.3 **€ 67.3**

PRICE (5/16/19) **POTENTIAL**
€ 53.8 **+25.1%**

MARKET CAP. **FREE FLOAT**
€ 816 M **€ 196 M**

Ratios	2019e	2020e	2021e
EV/Sales	4,6	4,0	3,5
EV/EBIT	17,2	14,8	12,7
P/E	26,5	23,3	20,6
P/CF	23,1	20,3	18,0
Dividend Yield	0,0	0,0	0,0

Data per share	2018	2019e	2020e	2021e
EPS	1,70	2,03	2,31	2,61
%Change	10%	19%	14%	13%
FCF	1,23	1,99	2,39	2,72
%Change	-3%	62%	20%	14%
Dividend	0,85	0,95	1,08	1,23

Income Statement (€m)	2018	2019e	2020e	2021e
Net Sales	148,5	161,8	181,9	201,9
%Change	14,5%	9,0%	12,5%	11,0%
Gross Margin	121,8	132,2	148,0	164,3
% Sales	82,0%	81,8%	81,4%	81,4%
EBITDA	44,1	47,6	53,6	60,4
% Sales	29,7%	29,4%	29,5%	29,9%
EBIT	38,9	43,3	49,0	55,1
% Sales	26,2%	26,8%	26,9%	27,3%
Net Result	27,0	30,8	35,0	39,7
% Sales	18,2%	19,0%	19,2%	19,6%

Cash Flow Statement (€m)	2018	2019e	2020e	2021e
FCF	18,7	30,2	36,2	41,2
Net Debt	-53,0	-70,4	-92,2	-117,0
Shareholder Equity	117,1	135,1	155,6	178,9
Gearing	-45%	-52%	-59%	-65%
ROCE	28%	29%	27%	26%

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	5,3%	-4,4%	4,1%	-4,6%
CAC Mid & Small	13,5%	3,6%	4,4%	-11,4%
12 months Low-High	48,3	65,6		

Liquidity	2019	3m	6m	1 Year
Cumulative volume (000)	322	178	459	1 009
% of capital	2,1%	1,2%	3,0%	6,7%
% of Free Float	8,8%	4,9%	12,5%	27,6%
€ Million	18,1	10,0	25,2	57,0

Next Event

Q2 : 8/2

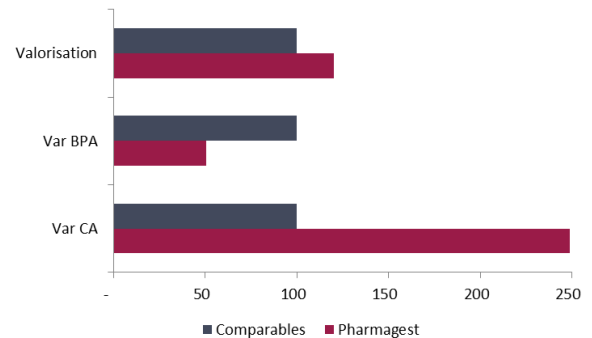
Snapshot PHARMAGEST

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
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
8/03/18	H1 Sales	Buy	€ 59.1	€ 70
7/26/18	Coverage Initiation	Buy	€ 55.5	€ 70

Financial Data

COMPTE DE RESULTAT (M€)	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Chiffre d'affaires	113,5	128,4	129,7	148,5	161,8	181,9	201,9
Achats	24,1	31,5	23,5	26,7	29,5	33,9	37,7
Marge Brute	89,4	96,9	106,2	121,8	132,2	148,0	164,3
Achats & charges externes	13,9	14,7	17,5	21,6	22,0	23,9	24,8
Charges de personnel	42,2	44,6	47,1	53,0	59,3	66,7	74,9
EBITDA	30,7	35,0	38,8	44,1	47,6	53,6	60,4
Autres produits & charges	0,3	0,2	0,0	0,2	0,0	0,0	0,0
Dotations	2,8	3,8	4,6	5,5	4,2	4,7	5,3
ROC	28,3	31,4	34,3	38,9	43,3	49,0	55,1
Coût de l'endettement financier net	1,0	1,2	1,1	0,9	0,6	1,0	1,6
Autres produits & charges financiers	0,0	0,0	-0,3	0,2	0,0	0,0	0,0
RCAI	29,3	32,5	35,1	39,9	43,9	50,0	56,7
Impôts sur les bénéfices	10,3	10,9	10,7	12,7	13,2	15,0	17,0
Résultat net	19,0	21,5	24,3	27,0	30,8	35,0	39,7
RNPG	18,8	20,6	23,2	25,4	29,5	33,6	38,1
Minoritaires	0,2	0,9	1,1	1,6	1,2	1,4	1,6

BILAN (M€)	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Actif immobilisé	46,4	66,8	88,0	117,1	123,5	125,2	127,0
<i>Dont Goodwill</i>	<i>27,7</i>	<i>30,5</i>	<i>38,8</i>	<i>46,0</i>	<i>46,0</i>	<i>46,0</i>	<i>46,0</i>
Stocks	2,4	2,6	2,8	5,1	3,6	4,0	4,5
Clients	16,0	20,2	22,9	32,0	27,0	30,3	33,7
Autres créances	4,1	6,0	8,7	8,4	11,2	12,6	14,0
Disponibilités et FCP	55,1	55,2	55,7	61,3	74,8	92,5	113,2
TOTAL ACTIF	124,0	150,7	178,2	223,8	240,1	264,7	292,3
Capitaux propres	91,6	103,7	104,9	117,1	135,1	155,6	178,9
Provisions long terme	2,4	3,3	3,4	4,1	4,4	5,0	5,5
Dettes financières	1,6	10,4	16,9	43,2	39,2	35,1	31,0
Fournisseurs	6,7	8,2	9,6	11,9	12,1	13,6	15,1
Autres dettes	19,0	22,1	39,0	45,9	47,2	53,1	58,9
TOTAL PASSIF	124,0	150,7	178,2	223,8	240,1	264,7	292,3

TABLEAU DE FINANCEMENT (M€)	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Capacité d'autofinancement	21,1	23,9	28,0	33,0	35,3	40,3	45,5
Variation du BFR	-1,1	-1,3	-0,8	-4,2	5,5	2,3	2,8
Flux de trésorerie liés à l'activité	20,0	22,6	27,2	28,9	40,8	42,6	48,3
Flux Investissements	-4,0	-5,7	-7,9	-10,2	-10,7	-6,4	-7,1
Investissements financiers	-0,3	-2,9	-10,5	-9,3	0,0	0,0	0,0
Opérations en capital	-8,9	-9,3	-11,1	-11,7	-12,7	-14,5	-16,5
Flux de Financement	-5,4	3,0	7,0	7,7	-4,0	-4,1	-4,1
Total Flux financement	-14,5	-9,2	-14,6	-13,3	-16,7	-18,5	-20,6
Variation de trésorerie	1,4	7,7	4,7	5,4	13,5	17,7	20,7

RATIOS	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Marge brute	78,8%	75,5%	81,9%	82,0%	81,8%	81,4%	81,4%
Marge d'Ebitda	27,1%	27,3%	29,9%	29,7%	29,4%	29,5%	29,9%
Marge d'EBIT	24,9%	24,4%	26,5%	26,2%	26,8%	26,9%	27,3%
Marge nette	16,7%	16,7%	18,7%	18,2%	19,0%	19,2%	19,6%
ROE (RN/Fonds propres)	20,8%	20,7%	23,2%	23,1%	22,8%	22,5%	22,2%
ROCE (NOPAT/Capitaux employés)	25,6%	25,8%	30,3%	27,6%	29,4%	27,5%	25,9%
Dettes nettes / Fonds propres (gearing)	-58,5%	-57,4%	-54,6%	-45,2%	-52,1%	-59,2%	-65,4%
FCF par action	1,05	1,12	1,27	1,23	1,99	2,39	2,72
BNPA (en €)	1,25	1,37	1,55	1,70	2,03	2,31	2,61
Dividende par action (en €)	0,60	0,65	0,00	0,85	0,95	1,08	1,23
Rendement net	2,6%	2,4%	0,0%	1,6%	1,8%	2,0%	2,3%
Taux de distribution	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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