

# PHARMAGEST

Euronext B – FR0012882389 – PHA

- ✓ Relaunch in Q3 + 25.7% (€ 44.3m) / + 11.7% like-for-like (€ 39.4m)
- ✓ 9-month sales + 9% (€ 122.3m) / + 1.98% like-for-like (€ 114m)
- ✓ Upward revision of our estimates

Q3 marked a clear upturn in activity with an increase of + 11.7% at constant scope after a decline of -1.9% in Q1 and -3.1% in Q2. The group benefits, among other things, from a catch-up effect but also from offers corresponding to needs arising from the current crisis (teleconsultation software, etc.).

Business was driven by the Solutions for Health and Social Care Facilities Division (HSCF), which grew by + 22.5% at constant scope in Q3 (+ 10.6% over 9 months).

**The Pharmacy Division** follows with a turnover growing at constant scope of + 12% in Q3 (+ 1.1% over 9 months) driven by Italy (+ 32%) and France (+ 12.7%) which rebound strongly following deconfinement. Belgium remains penalized by the much stricter covid measures (Q3 -23%).

**E-Health**, which was the most dynamic in Q1 (+ 8.2% like-for-like), remains in decline with Q3 down -3.7% (-0.85% over 9 months) after -6,3% in Q2. This decrease is explained by the postponement of investments in terms of communication but also in terms of setting up dematerialization solutions that require user support. Added to this is the non-flow of stocks from the e-connect pole due to containment.

**Over 9 months**, at constant perimeter, Pharmacy generates € 86.7m, HSCF € 14.5m, e-Health € 11.6m, Fintech € 1.15m.

**In terms of scope**, the group has benefited from the acquisitions made since October 2019. In Q3 the effect amounted to + € 4.9m and over 9 months to + € 8.3m. Over the year, we expect + € 10.9m. On this basis, the scope effect would be + € 2.6m in Q4. Even if the contributions of Svemu (Pharmacy Italy division - acquisition October 2019) and ICT (HSCF division - acquisition October 2019) will be significantly less in Q4, Pharmagest will continue to benefit fully from ASCA (Pharmacy France division since July 2020) and Malta Belgium - Care Solutions (ESMS Pole since January 2020).

## Outlook

Pharmagest " is expecting to maintain the pace of growth reached at the end of September.". Management is therefore targeting annual growth of + 9%, i.e. + 8.8% in Q4 after + 2.2% in Q1 (-1.87% like-for-like), + 0.52% in Q2 (-3.1% like-for-like), + 25.7% in Q3 (+ 11.7% like-for-like). Taking into account our estimate of a contribution linked to external growth operations of + € 2.6m, organic growth would come out at + 3.2%, which seems relatively conservative even if the new measures linked to covid will necessarily have an impact on activity. It is highly probable that Pharmagest will exceed this objective, but out of prudence in view of the context, we agree with this scenario. We are therefore revising our expectations upwards and are now aiming for an annual turnover of € 172.9m + 9% vs. € 171.6m previously.

## Conclusion

The way Pharmagest's activity held up in H1 is a good indicator of its ability to withstand crises. The strong rebound observed in Q3 reflects the recurring need in the group's offers & products. The only downsides during this period were the difficulties encountered by the Pharmacy division in Belgium and the e-Health division, which remains penalized. For Belgium, this should be put into perspective because this only represents 1.2% of the group's turnover over 9 months and 2.5% of Pharmacy turnover. E-Health, which we believe to be a major factor in the group's future growth, is less susceptible to the current crisis probably due to a still low penetration rate of its products & solutions. Ultimately, Pharmagest emerges stronger from this period and is in a favorable position to pursue its consolidation policy.

## Opinion & price target.

With an unchanged price target of € 83.9 (DCF € 86.4 - Peers € 73.5), we keep Neutral opinion. The stock has truly acted as a safe haven since the covid crisis due to the very strong recurrence of its turnover and its membership in a sector that will make digital a major issue.

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# Neutral

## Q3 Sales

Eligible PEA

**TARGET** PREVIOUS  
**€ 83.9** € 83.9

**PRICE** (11/18/20) POTENTIAL  
**€ 90** **6.9%**

**MARKET CAP.** FREE FLOAT  
**€ 1,365m** **€ 329m**

| Ratios         | 2020e | 2021e | 2022e |
|----------------|-------|-------|-------|
| EV/Sales       | 7,6   | 6,7   | 5,8   |
| EV/EBIT        | 29,4  | 25,6  | 21,4  |
| P/E            | 43,3  | 38,5  | 32,7  |
| P/CF           | 34,1  | 29,9  | 25,7  |
| Dividend Yield | 1,0%  | 1,1%  | 1,2%  |

| Data per share | 2019 | 2020e | 2021e | 2022e |
|----------------|------|-------|-------|-------|
| EPS            | 1,91 | 2,08  | 2,34  | 2,75  |
| %Change        | 12%  | 9%    | 12%   | 18%   |
| FCF            | 1,60 | 2,16  | 2,76  | 3,23  |
| %Change        | 30%  | 35%   | 28%   | 17%   |
| Dividend       | 0,90 | 0,98  | 1,10  | 1,29  |

| Income Statement (€m) | 2019  | 2020e | 2021e | 2022e |
|-----------------------|-------|-------|-------|-------|
| Net Sales             | 158,6 | 172,9 | 193,7 | 219,1 |
| %Change               | 6,8%  | 9,0%  | 12,1% | 13,1% |
| Gross Margin          | 128,6 | 140,5 | 157,2 | 177,5 |
| % Sales               | 81,1% | 81,3% | 81,2% | 81,0% |
| EBITDA                | 49,0  | 53,7  | 60,2  | 69,4  |
| % Sales               | 30,9% | 31,1% | 31,1% | 31,7% |
| EBIT                  | 40,8  | 45,0  | 50,7  | 58,9  |
| % Sales               | 25,8% | 26,0% | 26,2% | 26,9% |
| Net Result            | 29,0  | 31,5  | 35,5  | 41,7  |
| % Sales               | 18,3% | 18,2% | 18,3% | 19,0% |

| Cash Flow Statement (€m) | 2019  | 2020e | 2021e | 2022e  |
|--------------------------|-------|-------|-------|--------|
| FCF                      | 24,3  | 32,8  | 41,9  | 49,1   |
| Net Debt                 | -43,9 | -43,3 | -70,3 | -102,7 |
| Shareholder Equity       | 131,9 | 149,8 | 170,5 | 195,5  |
| Gearing                  | -33%  | -29%  | -41%  | -53%   |
| ROCE                     | 33%   | 42%   | 35%   | 31%    |

## 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         | 47,7% | 8,5% | 39,2% | 57,9%  |
| CAC Mid&Small      | -5,1% | 9,5% | 20,5% | -3,3%  |
| 12 months Low-High | 41,25 | 95,0 |       |        |

| Liquidity               | 2020  | 3m    | 6m    | 1 Year |
|-------------------------|-------|-------|-------|--------|
| Cumulative volume (000) | 1 392 | 441   | 814   | 1 516  |
| % of capital            | 9,2%  | 2,9%  | 5,4%  | 10,0%  |
| % of Free Float         | 38,1% | 12,1% | 22,2% | 41,5%  |
| € Million               | 99,7  | 37,7  | 65,9  | 107,1  |

**Next Event** 2020 Sales : 4th of february

GreenSome has signed a research contract with Pharmagest

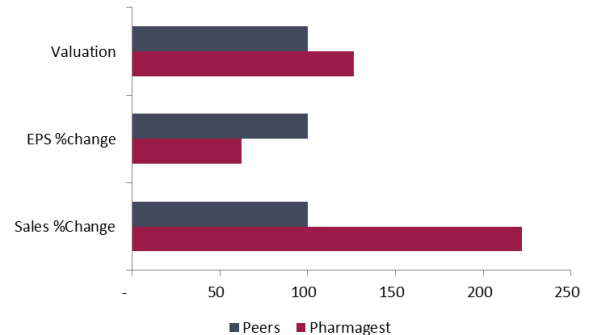
## Snapshot PHARMAGEST

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 |
|----------|------------------------|--------------|--------|--------------|
| 9/28/20  | H1 Result              | Neutral      | € 79.7 | € 83.9       |
| 8/6/20   | H1 Sales               | Neutral      | € 82.1 | € 79         |
| 7/1/20   | ASCA Acquisition       | Neutral      | € 78   | € 69,7       |
| 5/15/20  | Q1 Sales               | Neutral      | € 62   | € 61.7       |
| 3/31/20  | Video Conf.            | Under Review | € 50.6 | Under Review |
| 3/30/20  | 2019 Results           | Under Review | € 48.9 | Under Review |
| 2/7/20   | 2019 Sales             | Buy          | € 63.1 | € 69.6       |
| 1/14/20  | Acquisition in Belgium | Buy          | € 61.6 | € 69.6       |
| 11/18/19 | Q3 Sales               | Buy          | € 61.6 | € 67.9       |

## Financial Data

| Income Statement (€ m)              | 2015*        | 2016*        | 2017**       | 2018**       | 2019**       | 2020e**      | 2021e**      | 2022e**      |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenues                            | 113,5        | 128,4        | 129,7        | 148,5        | 158,6        | 172,9        | 193,7        | 219,1        |
| Purchase                            | 24,1         | 31,5         | 23,5         | 26,7         | 29,9         | 32,4         | 36,5         | 41,6         |
| Gross Margin                        | 89,4         | 96,9         | 106,2        | 121,8        | 128,6        | 140,5        | 157,2        | 177,5        |
| Externals costs                     | 13,9         | 14,7         | 17,5         | 21,6         | 20,4         | 21,7         | 26,2         | 30,7         |
| Personnals Costs                    | 42,2         | 44,6         | 47,1         | 53,0         | 56,3         | 61,5         | 66,9         | 72,9         |
| EBITDA                              | 30,7         | 35,0         | 38,8         | 44,1         | 49,0         | 53,7         | 60,2         | 69,4         |
| Amortization                        | 2,8          | 3,8          | 4,6          | 5,5          | 8,1          | 8,6          | 9,7          | 10,7         |
| other                               | 0,3          | 0,2          | 0,0          | 0,2          | 0,0          | 0,0          | 0,0          | 0,0          |
| EBIT                                | 28,3         | 31,4         | 34,3         | 38,9         | 40,8         | 45,0         | 50,7         | 58,9         |
| Financial Result                    | 1,0          | 1,2          | 1,1          | 0,9          | 1,5          | 0,1          | 0,0          | 0,7          |
| Tax                                 | 10,3         | 10,9         | 10,7         | 12,7         | 13,3         | 13,5         | 15,2         | 17,9         |
| Net Result                          | 19,0         | 21,5         | 24,3         | 27,0         | 29,0         | 31,5         | 35,5         | 41,7         |
| Group Net Result                    | 18,8         | 20,6         | 23,2         | 25,4         | 28,4         | 30,3         | 34,1         | 40,1         |
| Balance Sheet (€ m)                 | 2015*        | 2016*        | 2017**       | 2018**       | 2019**       | 2020e**      | 2021e**      | 2022e**      |
| Fixed Assets                        | 46,4         | 66,8         | 88,0         | 117,1        | 160,5        | 183,8        | 180,9        | 177,8        |
| Stock Inventories                   | 2,4          | 2,6          | 2,8          | 5,1          | 4,4          | 3,8          | 4,3          | 4,9          |
| Accounts Receivable                 | 16,0         | 20,2         | 22,9         | 32,0         | 34,6         | 28,8         | 32,3         | 36,5         |
| Other Currents Assests              | 4,1          | 6,0          | 8,7          | 8,4          | 8,0          | 12,0         | 13,5         | 15,2         |
| Cash & Equivalents                  | 55,1         | 55,2         | 55,7         | 61,3         | 50,6         | 46,0         | 69,4         | 97,1         |
| <b>TOTAL Assets</b>                 | <b>124,0</b> | <b>150,7</b> | <b>178,2</b> | <b>223,8</b> | <b>258,1</b> | <b>274,4</b> | <b>300,3</b> | <b>331,5</b> |
| Shareholders' Equity                | 91,6         | 103,7        | 104,9        | 117,1        | 131,9        | 149,8        | 170,5        | 195,6        |
| Provisions                          | 2,4          | 3,3          | 3,4          | 4,1          | 4,6          | 4,7          | 5,3          | 6,0          |
| Financial Debt                      | 1,6          | 10,4         | 16,9         | 43,2         | 57,5         | 53,4         | 49,3         | 45,2         |
| Accounts Payables                   | 6,7          | 8,2          | 9,6          | 11,9         | 13,4         | 13,0         | 14,5         | 16,4         |
| Others Liabilities                  | 19,0         | 22,1         | 39,0         | 45,9         | 47,6         | 50,4         | 56,5         | 63,9         |
| <b>TOTAL Liabilities</b>            | <b>124,0</b> | <b>150,7</b> | <b>178,2</b> | <b>223,8</b> | <b>258,1</b> | <b>274,4</b> | <b>300,3</b> | <b>331,5</b> |
| Cash Flow Statements (€ m)          | 2015*        | 2016*        | 2017**       | 2018**       | 2019**       | 2020e**      | 2021e**      | 2022e**      |
| Cash Flow from Operating Activities | 21,1         | 23,9         | 28,0         | 33,0         | 35,8         | 40,1         | 46,2         | 52,6         |
| Change in Net Working Capital       | -1,1         | -1,3         | -0,8         | -4,2         | 4,9          | 4,8          | 2,9          | 3,6          |
| Cash Flow from Operations           | 20,0         | 22,6         | 27,2         | 28,9         | 40,7         | 45,0         | 49,1         | 56,2         |
| Cash Flow from Investing            | -4,0         | -5,7         | -7,9         | -10,2        | -16,3        | -12,1        | -6,8         | -7,7         |
| Capital Increase                    | -8,9         | -9,3         | -11,1        | -11,7        | -13,3        | -13,6        | -14,8        | -16,7        |
| Funding Flow                        | -5,4         | 3,0          | 7,0          | 7,7          | -4,8         | -4,1         | -4,1         | -4,1         |
| Cash Flow from Financing            | -14,5        | -9,2         | -14,6        | -13,3        | -34,8        | -37,5        | -18,9        | -20,8        |
| Net Change in cash position         | 1,4          | 7,7          | 4,7          | 5,4          | -10,5        | -4,6         | 23,4         | 27,7         |
| RATIOS                              | 2015*        | 2016*        | 2017**       | 2018**       | 2019**       | 2020e**      | 2021e**      | 2022e**      |
| Gross Margin                        | 78,8%        | 75,5%        | 81,9%        | 82,0%        | 81,1%        | 81,3%        | 81,2%        | 81,0%        |
| Ebitda Margin                       | 27,1%        | 27,3%        | 29,9%        | 29,7%        | 30,9%        | 31,1%        | 31,1%        | 31,7%        |
| EBIT Margin                         | 24,9%        | 24,4%        | 26,5%        | 26,2%        | 25,8%        | 26,0%        | 26,2%        | 26,9%        |
| Net Margin                          | 16,7%        | 16,7%        | 18,7%        | 18,2%        | 18,3%        | 18,2%        | 18,3%        | 19,0%        |
| ROE                                 | 20,8%        | 20,7%        | 23,2%        | 23,1%        | 22,0%        | 21,1%        | 20,8%        | 21,3%        |
| ROCE                                | 25,6%        | 25,8%        | 30,3%        | 27,6%        | 32,9%        | 42,3%        | 34,9%        | 30,8%        |
| Gearing                             | -58,5%       | -57,4%       | -54,6%       | -45,2%       | -33,2%       | -28,9%       | -41,5%       | -52,5%       |
| FCF per share                       | 1,1          | 1,1          | 1,3          | 1,2          | 1,6          | 2,2          | 2,8          | 3,2          |
| EPS (€)                             | 1,3          | 1,4          | 1,5          | 1,7          | 1,9          | 2,1          | 2,3          | 2,8          |
| Dividend per share (€)              | 0,6          | 0,7          | 0,0          | 0,9          | 0,9          | 1,0          | 1,1          | 1,3          |
| Dividen Yield                       | 2,6%         | 2,4%         | 0,0%         | 0,9%         | 1,0%         | 1,1%         | 1,2%         | 1,4%         |
| Distribution rate                   | 51,2%        | 47,3%        | 0,0%         | 46,2%        | 47,0%        | 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

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|--|--|-----------------------------|--|--------------------|--------------------|
| NO   | NO   | YES                         | YES                                      | NO                 | NO                 |

## Warnings

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