

PHARMAGEST

Euronext B – FR0012882389 – PHA

✓ **Record current operating profitability: 27.2% vs. 25.8% in 2019 (26.1% expected)**

- **EBIT € 46.7m + 14.2%**
- **Net result € 32.7m (margin 19% vs 18.3% in 2019)**
- **Gross cash position € 104m + 6.6%**
- **Dividend € 0.95 + 5.5%**

2020 was the year demonstrating the strength of Pharmagest's business model:

- 1 / despite a more than degraded global economic context, activity remained stable at constant scope (turnover € 159m + 0.5%);
- 2 / the group continued its consolidation policy (contribution of € 12.8m - group turnover + 8.3%);
- 3 / current operating profitability improved significantly and reached a record +1.4 point at 27.2%
 - e-health / Fintech + 8.5 points to 37.6% / 34.7% expected;
 - Pharmaceuticals +0.2 points at 23.6% / 23.1% expected;
 - SMSE -0.6 point to 37.1% / 40% expected.

Sometimes the numbers speak for themselves. We knew that the Pharmagest model was solid, we have confirmation of its ability to withstand major exogenous shocks. The performance is all the more remarkable as the group has significantly accelerated its acquisition policy over the past two years, which often weighs on profitability while it fully integrates the new structures. It is therefore rather a good sign for the future, as Pharmagest management confirms that new acquisitions will take place in France and abroad in 2021.

What to expect from 2021?

The group's activity will naturally benefit from a gradual return to normal, which we truly believe in H2. For Pharmaceuticals, Belgium should post the best performance, given that this is the area that has suffered the most from containment measures. For healthcare establishments, the tension in establishment for dependent elderly people will ease, as it does for hospitals. We can therefore expect a resumption of investments. E-Health, for its part, suffered from the slowdown in the activity of connected readers and postponements of investments in digital communication. Here too a rebound can reasonably be expected. Also, even if the activity held up very well in 2020, the base effect should be rather favorable.

In terms of margins, we are maintaining a cautious bias because the exceptional context of 2020 must have had a positive effect on certain purchasing positions.

What about the stock market price?

After the air gap of mid-March 2020, the stock experienced a real rally and was multiplied by nearly 3 to reach an all-time high of € 124.2 in mid-February 2021. Since then, some downward pressure is installed with a 23% correction. Several factors explain this development in our opinion: 1 / the sector rotation which took place to the detriment of "tech" stocks, 2 / sales from certain funds following the sale by Thierry Chapusot of his shares and 3 / natural profit taking due to the exceptional course of stocks.

Regarding the sale of the chairman of the board of directors's shares, following a contact we had with him, he confirmed to us that he remained fully involved in the development of the group and absolutely did not plan to take a step back. This decision to sell its shares, even if this may induce some doubt on the part of some, is all in all logical in view of Pharmagest's stock market history. Moreover, it was not the share he held of just over 5% of the capital that influenced strategic decisions but the strength and loyalty of the current management.

Conclusion.

In 2020, Pharmagest did more than reassure the market. In 2021, the latter could expect more growth. This will go through the return of investments and of course through acquisitions. On this point, investors certainly expect positions to be taken on major markets such as Germany, but also the addition of new technologies and / or partnerships. In view of Pharmagest's financial capacity and its position in the value chain, this would be quite logical.

Opinion & Price target : € 132.6 - Buy opinion confirmed.

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BUY

Results 2020

Eligible PEA

TARGET **PREVIOUS**
€ 132.6 **€ 132.6**

PRICE (3/26/21) **POTENTIAL**
€ 95.2 **+ 39.3%**

MARKET CAP. **FREE FLOAT**
€ 1,444m **€ 421m**

Ratios	2020	2021e	2022e
EV/Sales	8,2	7,3	6,5
EV/EBIT	30,2	27,5	24,3
P/E	44,2	40,0	35,8
P/CF	34,4	31,8	28,3
Dividend Yield	1,1%	1,2%	1,3%

Data per share	2019	2020	2021e	2022e
EPS	1,91	2,15	2,38	2,66
%Change	12%	13%	11%	12%
FCF	1,60	1,82	2,74	3,01
%Change	30%	13%	51%	10%
Dividend	0,89	1,01	1,11	1,24

Income Statement (€m)	2019	2020	2021e	2022e
Net Sales	158,6	171,8	189,5	207,9
%Change	6,8%	8,3%	10,3%	9,7%
Gross Margin	128,6	139,5	153,8	168,4
% Sales	81,1%	81,2%	81,2%	81,0%
EBITDA	49,0	55,0	59,8	65,8
% Sales	30,9%	32,0%	31,6%	31,6%
EBIT	40,8	46,7	50,3	55,6
% Sales	25,8%	27,2%	26,6%	26,8%
Net Result	29,0	32,7	36,1	40,4
% Sales	18,3%	19,0%	19,1%	19,4%

Cash Flow Statement (€m)	2019	2020	2021e	2022e
FCF	24,3	27,6	41,6	45,6
Net Debt	-43,9	-36,0	-62,3	-91,0
Shareholder Equity	131,9	149,0	169,8	193,3
Gearing	-33%	-24%	-37%	-47%
ROCE	33%	33%	28%	25%

Shareholders	
Marque Verte Santé	60,5%
La Coopérative Welcoop	6,1%
Founders	2,7%
Auto Control	1,5%
Free Float	29,2%

Performances	2021	3m	6m	1 Year
Pharmagest	-14,5%	-2,8%	20,5%	75,0%
CAC Mid&Small	7,5%	10,3%	21,9%	34,1%
12 months Low-High	41,25	124,2		

Liquidity	2021	3m	6m	1 Year
Cumulative volume (000)	794	813	1 498	2 193
% of capital	5,2%	5,4%	9,9%	14,5%
% of Free Float	21,7%	22,2%	41,0%	60,0%
€ Million	82,6	84,6	148,6	197,9

Next Event Sales Q1 : May, 12

GreenSome has signed a research contract with Pharmagest

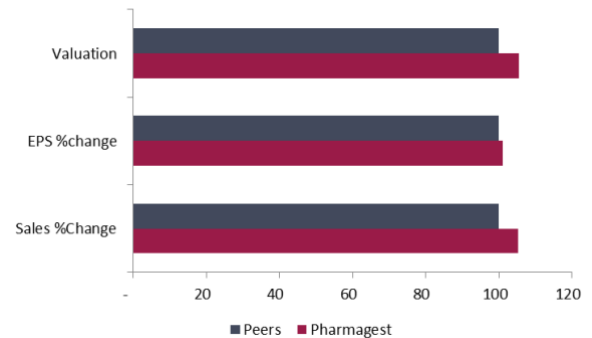
Snapshot PHARMAGEST

PHARMAGEST is the French leader in computational informatics with 44% of market share. With more than 1,100 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
2/5/21	2020 Sales	Buy	€ 118.6	€ 132.6
12/9/20	New Valuation Approach	Buy	€ 94.6	€ 139.4
11/19/20	Q3 Sales	Neutral	€ 90	€ 83.9
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

Financial Data

Income Statement (€ m)	2017	2018	2019	2020	2021e	2022e
Revenues	129,7	148,5	158,6	171,8	189,5	207,9
Purchase	23,5	26,7	29,9	32,2	35,7	39,5
Gross Margin	106,2	121,8	128,6	139,5	153,8	168,4
Externals costs	17,5	21,6	20,4	20,2	23,7	26,2
Personnals Costs	47,1	53,0	56,3	60,9	66,5	72,3
EBITDA	38,8	44,1	49,0	55,0	59,8	65,8
Amortization	4,6	5,5	8,1	9,1	9,5	10,2
other	0,0	0,2	0,0	0,8	0,0	0,0
EBIT	34,3	38,9	40,8	46,7	50,3	55,6
Financial Result	1,1	0,9	1,5	0,8	1,3	2,0
Tax	10,7	12,7	13,3	13,4	15,5	17,3
Net Result	24,3	27,0	29,0	32,7	36,1	40,4
Group Net Result	23,2	25,4	28,4	30,7	34,0	38,0

Balance Sheet (€ m)	2017	2018	2019	2020	2021e	2022e
Fixed Assets	88,0	117,1	160,5	184,9	182,1	179,2
Stock Inventories	2,8	5,1	4,4	6,8	5,3	5,8
Accounts Receivable	22,9	32,0	34,6	31,8	36,8	40,4
Other Currents Assests	8,7	8,4	8,0	9,0	10,5	11,6
Cash & Equivalents	55,7	61,3	50,6	63,3	85,5	110,1
TOTAL Assets	178,2	223,8	258,1	295,8	320,2	347,0
Shareholders' Equity	104,9	117,1	131,9	149,0	169,8	193,3
Provisions	3,4	4,1	4,6	5,3	5,2	5,7
Financial Debt	16,9	43,2	57,5	71,8	67,7	63,6
Accounts Payables	9,6	11,9	13,4	14,2	15,8	17,3
Others Liabilities	39,0	45,9	47,6	49,3	55,3	60,6
TOTAL Liabilitites	178,2	223,8	258,1	295,8	320,2	347,0

Cash Flow Statements (€ m)	2017	2018	2019	2020	2021e	2022e
Cash Flow from Operating Activities	28,0	33,0	35,8	42,0	45,4	51,0
Change in Net Working Capital	-0,8	-4,2	4,9	5,2	2,8	1,9
Cash Flow from Operations	27,2	28,9	40,7	47,2	48,2	52,9
Cash Flow from Investing	-7,9	-10,2	-16,3	-19,6	-6,6	-7,3
Capital Increase	-11,1	-11,7	-13,3	-13,3	-15,3	-16,9
Funding Flow	7,0	7,7	-4,8	17,8	-4,1	-4,1
Cash Flow from Financing	-14,6	-13,3	-34,8	-15,4	-19,4	-21,0
Net Change in cash position	4,7	5,4	-10,5	12,2	22,2	24,6

RATIOS	2017	2018	2019	2020	2021e	2022e
Gross Margin	81,9%	82,0%	81,1%	81,2%	81,2%	81,0%
Ebitda Margin	29,9%	29,7%	30,9%	32,0%	31,6%	31,6%
EBIT Margin	26,5%	26,2%	25,8%	27,2%	26,6%	26,8%
Net Margin	18,7%	18,2%	18,3%	19,0%	19,1%	19,4%
ROE	23,2%	23,1%	22,0%	21,9%	21,3%	20,9%
ROCE	30,3%	27,6%	32,9%	33,0%	28,3%	25,3%
Gearing	-54,6%	-45,2%	-33,2%	-24,1%	-36,7%	-47,1%
FCF per share	1,3	1,2	1,6	1,8	2,7	3,0
EPS (€)	1,5	1,7	1,9	2,2	2,4	2,7
Dividend per share (€)	0,0	0,9	0,9	1,0	1,1	1,2
Dividen Yield	0,0%	0,9%	0,9%	1,1%	1,2%	1,3%
Distribution rate	0,0%	46,2%	47,2%	46,8%	46,7%	46,7%

GreenSome Finance Estimates

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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