

PHARMAGEST

Euronext B – FR0012882389 – PHA

- ✓ 2020 online sales: € 171.8m + 8.3% / + 0.49% pc (€ 172.9m expected)
 - o Q4 revenue € 49.5m + 6.6%
- ✓ "Excellent results expected for 2020"

In a year that was more than troubled at all levels, Pharmagest demonstrated the solidity of its model and its ability to pursue its policy of consolidation.

By quarters and at constant scope, activity evolved as follows: Q1 -1.87%, Q2 -3.09%, Q3 + 11.65%, Q4 -3.09%. This change reflects the capacity of Pharmagest's activity to "withstand" extreme situations but also the natural demand of its market, like the growth posted in Q3, a quarter which was a sort of "economic oxygen bubble. In 2020. Q4 held up rather well despite the second confinement and a particularly unfavorable base effect. In fact, Q4 2019 posted growth of + 13.5%, the best performance of the previous year.

The acquisitions made brought an additional € 12.8 million: € 7 million for the Pharmacy division (ASCA for France, SVEMU for Italy), € 5.4 million for Sanitary & Medico-Social Establishments (Malta Belgium, ICT, Pandalab) and € 0.37 million for e-Health (I-Meds).

With sales up + 6.7% at constant scope, the Health and Social Care Facilities were the most dynamic. Overall, they posted a turnover of € 26.2 million, up + 34.3%. The performance is remarkable, especially in a context where Facilities for dependent elderly people are under great strain. The networking strategy carried out by the group in terms of the typology of establishments is probably one of the reasons for this.

E-Health was stable at -0.36% at constant scope but increased by + 1.97% to € 16.4 million thanks to the contribution of i-Meds. E-Health suffered from the slowdown in the activity of connected readers since Q2 (e-connect division) and, as we have already mentioned, postponements in terms of investments in digital communication. On the other hand, the e-Patient division has regained strong momentum since Q3, after the weakening of Q2, with double-digit growth. As a reminder in Q1, and despite a cut in March, e-Health was close to + 10% growth.

Pharmaceuticals is also stable with a turnover at constant scope of € 120.3 million (-0.44%) but an increase of 5% to € 127.3 million with the scope effect.

At constant scope, activity fell by -3.9% in Q1, -4% in Q2, up + 12% in Q3 and finally fell by -4% in Q4. You can immediately see the effect of the containment measures. The Benelux market is the one that has suffered the most from these measures and this throughout the year with a drop of -20.6% while France has remained stable at constant scope (+ 0.26%) throughout the year. like Italy (-0.42%). In addition, we were able to observe significant rebound phases when the measures limiting traffic were reduced. Ultimately, it was the French market that was the most resilient, which is logical given Pharmagest's leadership status.

What to expect from 2021?

Q1 will still be disrupted but in a less marked way than what we went through because the containment measures or curfews are less strict. In addition, the deferral of investments will be gradually filled. To this will certainly be added a fundamental movement around the digitization of health systems and on this point Pharmagest is perfectly positioned.

The catch-up effect should be a strong supporting element of the group's activity. Aiming for a double-digit increase in turnover can reasonably be envisaged for both Health and Social Care Facilities and e-Health, which should regain a particularly dynamic growth rate. Management confirms for the latter to have favorable indicators at the start of the year.

Regarding our estimates of changes in activity at constant scope, we are a little more cautious than previously because we take into account the uncertainties linked to the new health measures in Q1 and the on-board effect that this can induce.

It also goes without saying that Pharmagest should continue its consolidation policy.

Opinion & Objective

Price target € 132.5 vs. € 139.4 - Buy opinion confirmed.

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IMPORTANT: Please refer to the last page of this report for warnings.

BUY

Sales 2020

Eligible PEA

TARGET
€ 132.6

PREVIOUS
€ 139.4

PRICE (2/4/21)
€ 118.6

POTENTIAL
+ 11.8%

MARKET CAP.
€ 1,799m

FREE FLOAT
€ 433m

Ratios	2020e	2021e	2022e
EV/Sales	10,2	9,1	8,2
EV/EBIT	39,2	34,5	30,5
P/E	56,0	50,3	44,7
P/CF	44,4	39,4	35,7
Dividend Yield	0,8%	0,9%	1,1%

Data per share	2019	2020e	2021e	2022e
EPS	1,91	2,12	2,36	2,65
%Change	12%	11%	11%	13%
FCF	1,60	2,19	2,74	3,02
%Change	30%	37%	25%	10%
Dividend	0,90	0,99	1,11	1,25

Income Statement (€m)	2019	2020e	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	139,6	153,8	168,4
% Sales	81,1%	81,3%	81,2%	81,0%
EBITDA	49,0	53,4	59,6	66,0
% Sales	30,9%	31,1%	31,4%	31,7%
EBIT	40,8	44,8	50,1	55,8
% Sales	25,8%	26,1%	26,5%	26,8%
Net Result	29,0	32,1	35,8	40,3
% Sales	18,3%	18,7%	18,9%	19,4%

Cash Flow Statement (€m)	2019	2020e	2021e	2022e
FCF	24,3	33,3	41,6	45,9
Net Debt	-43,9	-43,7	-70,2	-99,3
Shareholder Equity	131,9	150,4	171,1	194,5
Gearing	-33%	-29%	-41%	-51%
ROCE	33%	42%	35%	30%

Shareholders

Marque Verte Santé	60,5%
La Coopérative Welcoop	6,1%
Founders	7,8%
Auto Control	1,5%
Free Float	24,1%

Performances	2021	3m	6m	1 Year
Pharmagest	6,5%	31,9%	42,9%	88,6%
CAC Mid&Small	2,9%	20,6%	20,3%	1,9%
12 months Low-High	41,25	124,2		

Liquidity	2021	3m	6m	1 Year
Cumulative volume (000)	156	639	1 001	1 802
% of capital	1,0%	4,2%	6,6%	11,9%
% of Free Float	4,3%	17,5%	27,4%	49,3%
€ Million	18,4	65,2	95,8	147,8

Next Event

2020 Annual Results : March 26

GreenSome has signed a research contract with Pharmagest

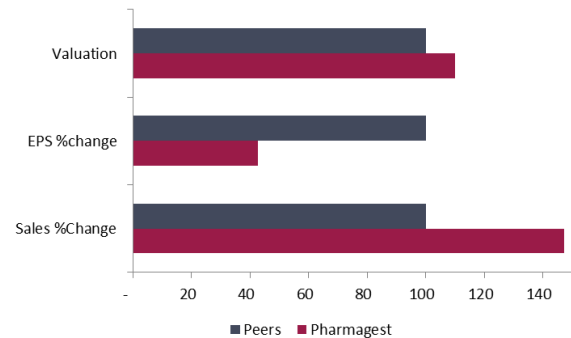
Snapshot PHARMAGEST

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
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
2/7/20	2019 Sales	Buy	€ 63.1	€ 69.6

Financial Data

Income Statement (€ m)	2017**	2018**	2019**	2020e**	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	139,6	153,8	168,4
Externals costs	17,5	21,6	20,4	21,3	23,9	26,0
Personnals Costs	47,1	53,0	56,3	61,4	66,5	72,3
EBITDA	38,8	44,1	49,0	53,4	59,6	66,0
Amortization	4,6	5,5	8,1	8,6	9,5	10,2
other	0,0	0,2	0,0	0,0	0,0	0,0
EBIT	34,3	38,9	40,8	44,8	50,1	55,8
Financial Result	1,1	0,9	1,5	1,0	1,0	1,7
Tax	10,7	12,7	13,3	13,8	15,3	17,3
Net Result	24,3	27,0	29,0	32,1	35,8	40,3
Group Net Result	23,2	25,4	28,4	30,8	34,3	38,6

Balance Sheet (€ m)	2017**	2018**	2019**	2020e**	2021e**	2022e**
Fixed Assets	88,0	117,1	160,5	183,8	180,9	178,0
Stock Inventories	2,8	5,1	4,4	3,8	4,2	4,6
Accounts Receivable	22,9	32,0	34,6	28,6	31,6	34,7
Other Currents Assests	8,7	8,4	8,0	11,9	13,2	14,4
Cash & Equivalents	55,7	61,3	50,6	46,4	68,8	93,7
TOTAL Assets	178,2	223,8	258,1	274,5	298,7	325,5
Shareholders' Equity	104,9	117,1	131,9	150,4	171,1	194,5
Provisions	3,4	4,1	4,6	4,7	5,2	5,7
Financial Debt	16,9	43,2	57,5	53,4	49,3	45,2
Accounts Payables	9,6	11,9	13,4	12,9	14,2	15,6
Others Liabilities	39,0	45,9	47,6	50,1	55,3	60,6
TOTAL Liabilities	178,2	223,8	258,1	274,5	298,7	325,5

Cash Flow Statements (€ m)	2017**	2018**	2019**	2020e**	2021e**	2022e**
Cash Flow from Operating Activities	28,0	33,0	35,8	40,6	45,7	50,4
Change in Net Working Capital	-0,8	-4,2	4,9	4,7	2,5	2,7
Cash Flow from Operations	27,2	28,9	40,7	45,3	48,3	53,1
Cash Flow from Investing	-7,9	-10,2	-16,3	-12,0	-6,6	-7,3
Capital Increase	-11,1	-11,7	-13,3	-13,6	-15,1	-16,8
Funding Flow	7,0	7,7	-4,8	-4,1	-4,1	-4,1
Cash Flow from Financing	-14,6	-13,3	-34,8	-37,5	-19,2	-20,9
Net Change in cash position	4,7	5,4	-10,5	-4,2	22,4	24,9

RATIOS	2017**	2018**	2019**	2020e**	2021e**	2022e**
Gross Margin	81,9%	82,0%	81,1%	81,3%	81,2%	81,0%
Ebitda Margin	29,9%	29,7%	30,9%	31,1%	31,4%	31,7%
EBIT Margin	26,5%	26,2%	25,8%	26,1%	26,5%	26,8%
Net Margin	18,7%	18,2%	18,3%	18,7%	18,9%	19,4%
ROE	23,2%	23,1%	22,0%	21,4%	20,9%	20,7%
ROCE	30,3%	27,6%	32,9%	42,0%	34,9%	30,3%
Gearing	-54,6%	-45,2%	-33,2%	-29,0%	-41,0%	-51,0%
FCF per share	1,3	1,2	1,6	2,2	2,7	3,0
EPS (€)	1,5	1,7	1,9	2,1	2,4	2,7
Dividend per share (€)	0,0	0,9	0,9	1,0	1,1	1,2
Dividen Yield	0,0%	0,7%	0,8%	0,8%	0,9%	1,1%
Distribution rate	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%

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NO	NO	YES	YES	NO	NO

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