

PHARMAGEST

Euronext B – FR0012882389 – PHA

- ✓ **Q1 turnover: Pharmagest is making up for lost time**
- ✓ Group turnover € 45.3m + 16.1% (+ 8.2% cs)
 - Pharmacy € 33.3m (+ 17.4% / + 7.3% cs)
 - Health and Social Care Facilities € 6.95m (+ 13.4% / + 9.9% cs)
 - E-Health € 4.4m + 7.6%
 - Fintech € 0.66m + 50%

With an increase in its activity of + 8.2% at constant scope (excluding Pandalab and Asca Informatique - contribution of € 3.1 million), Pharmagest posted its best performance in terms of organic growth in the 1st quarter since 2017. The group is starting the year ahead of our annual expectations, namely a 7.7% increase in turnover on a like-for-like basis.

In a way, we can say that during this 1st quarter Pharmagest has "almost completely" wiped out the effects of Covid. Indeed, last year over the same period the Covid cost him around € 2.4 million (- € 2 million for the Pharmacy division, - € 0.27 million for the HSCF division). Restating for this effect, the growth in activity in Q1 2021 at constant scope would have been around + 2% compared to Q1 2020 and + 10.6% compared to Q1 2019. This reflects the resilience of the model economy from Pharmagest.

By Divisions:

The Europe Pharmacy Solutions Division grew by 17.4% to € 33.3m: France + 7.96% (€ 30.5m including € 2.8m Asca), Italy + 17.6% (2.1m €), Belgium -30.8% (€ 0.58m). France and Italy are benefiting from the new offers & services, while Belgium is still severely penalized by the health crisis. Note that in February the group created a subsidiary in Italy "to provide facilities and training for pharmacists in the north". Until then, only software and maintenance were sold. The idea is to have the same approach as in France, which in a way offers the "package". This is a way to retain pharmacists and also to more easily meet their needs. In addition to this aspect, it will provide an additional source of growth in Italy.

The HSCF Division also posted double-digit growth in its activated activity at + 13.4% (+ 9.9% cs i.e. excluding PandaLab). It benefits directly from the relaxation of sanitary measures and as a corollary of the revival of investments. EHPADs are still somewhat affected by the effects of the Covid with an increase of "only" + 4.7% while Hospitals, HAD (home hospitalization) and EPL (Establishments and Liberal Professions) progress by respectively + 10% , + 19.8% and + 53% clearly reflecting the catching-up effect.

In order to accelerate the development of PandaLab, a partnership was signed in mid-April with the ELSAN group, which is the 2nd largest private healthcare operator in France and the leader in private hospitalizations. Elsan has 120 hospitals and clinics, 6,500 doctors, 25,000 employees. The instant and secure messaging tool will be deployed across all Elsan establishments.

The e-Health Division with a turnover of € 4.4M is up 7.6%. Despite double-digit dynamics for digital communication and the e-Connect division, e-Health is still suffering from deployments for Telemedicine activities slowed down by the health context.

Conclusion

As one might say trivially, "Pharmagest does the job". Moreover, reading the figures, we feel that the group still has a number of "pockets" directly linked to the current catching up due to delays due to the Covid. To this will be added a scope effect, with management confirming its willingness to pursue its consolidation policy. Finally, the Ségur de la Santé and the France Relance plan have allocated a budget of € 19 billion which will push, among other things, to digitize the sector. Pharmagest is on the front line to take advantage of it. It is therefore a significant supporting factor that it is still impossible to quantify, but which will naturally have a positive impact on the group's activity.

Opinion & Objective

Price target € 132.6 – Buy opinion confirmed.

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BUY

Q1 Sales

Eligible PEA

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

PRICE (5/12/21) **POTENTIAL**
€ 89.3 **+ 48.5%**

MARKET CAP. **FREE FLOAT**
€ 1 355m **€ 326m**

Ratios	2021e	2022e	2023e
EV/Sales	6,8	6,1	5,5
EV/EBIT	25,7	22,7	20,2
P/E	37,5	33,5	30,4
P/CF	32,2	29,9	26,5
Dividend Yield	1,1%	1,1%	1,3%

Data per share	2020	2021e	2022e	2023e
EPS	2,15	2,38	2,66	2,94
%Change	13%	11%	12%	10%
FCF	1,82	2,74	3,01	3,31
%Change	13%	50%	10%	10%
Dividend	0,95	0,95	1,20	1,32

Income Statement (€m)	2020	2021e	2022e	2023e
Net Sales	171,8	189,5	207,9	224,7
%Change	8,3%	10,3%	9,7%	8,1%
Gross Margin	139,5	153,8	168,4	182,0
% Sales	81,2%	81,2%	81,0%	81,0%
EBITDA	55,0	59,8	65,8	72,1
% Sales	32,0%	31,6%	31,6%	32,1%
EBIT	46,7	50,3	55,6	60,8
% Sales	27,2%	26,6%	26,8%	27,1%
Net Result	32,7	36,1	40,4	44,6
% Sales	19,0%	19,1%	19,4%	19,9%

Cash Flow Statement (€m)	2020	2021e	2022e	2023e
FCF	27,6	41,5	45,7	50,2
Net Debt	-36,0	-63,1	-92,5	-124,5
Shareholder Equity	149,0	170,7	194,8	221,3
Gearing	-24%	-37%	-47%	-56%
ROCE	33%	28%	25%	23%

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	-19,9%	-15,1%	1,8%	42,0%
CAC Mid&Small	11,4%	6,5%	20,5%	41,6%
12 months Low-High	60,90	124,2		

Liquidity	2021	3m	6m	1 Year
Cumulative volume (000)	1 193	931	1 621	2 393
% of capital	7,9%	6,1%	10,7%	15,8%
% of Free Float	32,6%	25,4%	44,3%	65,5%
€ Million	121,6	91,4	163,5	225,5

Next Event Sales Q2 : august, 4

GreenSome has signed a research contract with Pharmagest

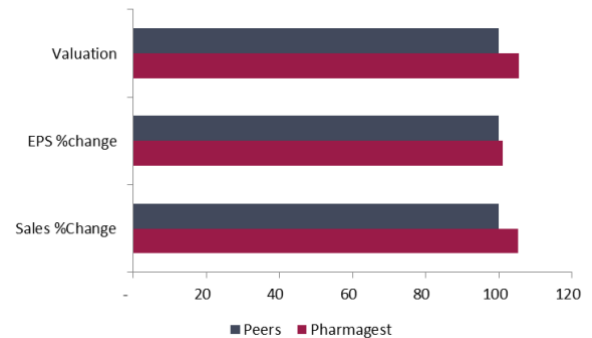
Snapshot PHARMAGEST

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
3/29/21	2020 Results	Buy	€95.2	€132.6
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

Financial Data

Income Statement (€ m)	2018	2019	2020	2021e	2022e	2023e
Revenues	148,5	158,6	171,8	189,5	207,9	224,7
Purchase	26,7	29,9	32,2	35,7	39,5	42,7
Gross Margin	121,8	128,6	139,5	153,8	168,4	182,0
Externals costs	21,6	20,4	20,2	23,7	26,2	26,9
Personnals Costs	53,0	56,3	60,9	66,5	72,3	78,6
EBITDA	44,1	49,0	55,0	59,8	65,8	72,1
Amortization	5,5	8,1	9,1	9,5	10,2	11,2
other	0,2	0,0	0,8	0,0	0,0	0,0
EBIT	38,9	40,8	46,7	50,3	55,6	60,8
Financial Result	0,9	1,5	0,8	1,3	2,1	2,9
Tax	12,7	13,3	13,4	15,5	17,3	19,1
Net Result	27,0	29,0	32,7	36,1	40,4	44,6
Group Net Result	25,4	28,4	30,7	34,0	38,0	42,0
Balance Sheet (€ m)	2018	2019	2020	2021e	2022e	2023e
Fixed Assets	117,1	160,5	184,9	182,1	179,2	175,8
Stock Inventories	5,1	4,4	6,8	5,3	5,8	6,2
Accounts Receivable	32,0	34,6	31,8	36,8	40,4	43,7
Other Currents Assets	8,4	8,0	9,0	10,5	11,6	12,5
Cash & Equivalents	61,3	50,6	63,3	86,3	111,6	139,4
TOTAL Assets	223,8	258,1	295,8	321,0	348,5	377,6
Shareholders' Equity	117,1	131,9	149,0	170,7	194,8	221,3
Provisions	4,1	4,6	5,3	5,2	5,7	6,2
Financial Debt	43,2	57,5	71,8	67,7	63,6	59,4
Accounts Payables	11,9	13,4	14,2	15,8	17,3	18,7
Others Liabilities	45,9	47,6	49,3	55,3	60,6	65,5
TOTAL Liabilities	223,8	258,1	295,8	321,0	348,5	377,6
Cash Flow Statements (€ m)	2018	2019	2020	2021e	2022e	2023e
Cash Flow from Operating Activities	33,0	35,8	42,0	45,4	51,1	56,3
Change in Net Working Capital	-4,2	4,9	5,2	2,8	1,9	1,7
Cash Flow from Operations	28,9	40,7	47,2	48,1	53,0	58,0
Cash Flow from Investing	-10,2	-16,3	-19,6	-6,6	-7,3	-7,9
Capital Increase	-11,7	-13,3	-13,3	-14,4	-16,3	-18,2
Funding Flow	7,7	-4,8	17,8	-4,1	-4,1	-4,2
Cash Flow from Financing	-13,3	-34,8	-15,4	-18,5	-20,4	-22,3
Net Change in cash position	5,4	-10,5	12,2	23,0	25,3	27,8
RATIOS	2018	2019	2020	2021e	2022e	2023e
Gross Margin	82,0%	81,1%	81,2%	81,2%	81,0%	81,0%
Ebitda Margin	29,7%	30,9%	32,0%	31,6%	31,6%	32,1%
EBIT Margin	26,2%	25,8%	27,2%	26,6%	26,8%	27,1%
Net Margin	18,2%	18,3%	19,0%	19,1%	19,4%	19,9%
ROE	23,1%	22,0%	21,9%	21,2%	20,7%	20,2%
ROCE	27,6%	32,9%	33,0%	28,1%	25,1%	22,7%
Gearing	-45,2%	-33,2%	-24,1%	-36,9%	-47,5%	-56,3%
FCF per share	1,2	1,6	1,8	2,7	3,0	3,3
EPS (€)	1,7	1,9	2,2	2,4	2,7	2,9
Dividend per share (€)	0,9	0,9	1,0	1,0	1,2	1,3
Dividen Yield	1,0%	1,0%	1,1%	1,1%	1,3%	1,5%
Distribution rate	46,2%	47,2%	46,8%	44,1%	45,0%	45,0%

GreenSome Finance Estimates

Rating Definition

BUY	NEUTRAL	SELL
Upside > +10%	-10% < Upside < +10%	Upside < -10%

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