

PHARMAGEST

Euronext B – FR0012882389 – PHA

- ✓ **Turnover S1: Pharmagest increases its lead compared to our forecasts;**
- ✓ Group revenue € 93.9m + 20.5% (+ 10.4% like-for-like);
 - Pharmacy € 69.8m (+ 23.1% / + 9.7% pc);
 - Health & Social Care Facilities Solutions € 13.8m (+ 10.4% / + 8.7% like-for-like);
 - E-Health € 8.9 million + 11.2%;
 - Fintech € 1.3m + 95%.

Pharmagest accelerates in Q2 with sales up + 24.8% after + 16.1% in Q1. Like-for-like, the increase was + 12.3% vs. + 8.2% in Q1. This H1 is one of the most dynamic semesters in the group's history, helped in part by a favorable base effect. The group is therefore increasing its lead compared to our expectation of annual growth at constant scope of + 7.7%. The group had indicated that the crisis had cost it around € 6m in H1 2020 (€ 2.4m in Q1, € 3.6m in Q2). Pharmagest has therefore erased the effects of the Covid.

By Divisions:

The Europe Pharmacy Solutions Division grew by + 23.1%: France + 24% (€ 64.1m of which € 7.5m Asca), Italy + 31.4% (€ 4.5M), Belgium -22.9% (€ 1.2m). Belgium is struggling to recover, still very penalized due to 1 / smaller pharmacies than in France (turnover below on average 25%) which makes them more sensitive to the crisis they have experienced and 2 / charge of tests by the State, which are very remunerative, less important than in France. Thus, it shows 5 consecutive semesters of decline but begins to show a less marked decline in Q2 2021 (-13.6%). France and Italy, for their part, perfectly absorbed the crisis and posted significantly higher levels of activity than in 2019 on a like-for-like basis (around + 6% for France and + 30% for Italy). Asca's contribution is more than € 1m higher than our expectations. It will be interesting to see in H2 whether Asca has benefited from a natural "fresh air" following the reopening of the market or whether this is the result of synergies that can logically be expected following its takeover.

The HSCFS Division grew by + 10.4% (+ 8.7% bw) to € 13.8m Q1 + 13.4% / Q2 + 7.5%. The hospitals for dependent elderly people activity is stable at € 7.1m and continues to suffer the effects of the Covid with a certain wait-and-see attitude since the government undertook to review the way in which investments will be distributed across the territories. The vast majority are independent and to benefit from aid, they must group together at least by 3 to propose a digital modernization project. So there is quite logically a certain inertia. The other activities are benefiting from the recovery and are all posting double-digit increases. There is even an acceleration in T2 for home hospitalization and hospitals.

The e-Health Division posted a turnover of € 8.9m, up + 11.2%: Q1 + 7.6% / Q2 + 14.9%. Telemedicine activities continue to be penalized by the health context, which hardly penalizes e-Health because they represent "only" 2% of e-Health turnover, however they are almost stable in Q2 after a marked drop in Q1.

Finally, the **FinTech division** rebounded strongly to € 1.3 million (+ 95%).

Outlook.

Unsurprisingly, management confirms "its business growth ambitions for 2021". In terms of sequence, in our opinion Q3 could be stable due to an unfavorable base effect (Q3 2020 + 25.7% / + 11.7% bw) while Q4 should regain some momentum, the effect base becoming favorable again (+ 6.6% / -3.1% pc). With regard to H1, our annual objective of an increase in activity of + 10.3% (+ 7.7% bp) now seems too cautious. We are therefore raising our target to € 194.3 million (+ 13.1% / + 8.6% bw) thanks to the better than expected scope effect and momentum in Pharmaceuticals, again stronger than our expectations. Furthermore, this does not take into account the partial acquisition made on July 1 of the assets of Athesia, an Italian player which allows Pharmagest to complete its range of software for wholesalers-distributors. The group therefore continues to expand its offer in Italy. Finally, management indicates that during H2 external growth operations should be successful.

Conclusion.

Pharmagest is having one of its best semesters when all the planets are not yet aligned (Belgium for the Pharmacy division, HDEP for the HSCFS division, telemedicine for e-Health). The group will also benefit on a recurring basis from its capacity for consolidation. Beyond the "micro" aspect, it must be seen that Pharmagest is present in a market which is experiencing structural growth, growth which will be reinforced by the France Relance plan for the digitization of the health sector. These are therefore all assets that should make it possible to aim for a true European dimension. For this, markets such as Germany are still missing ...

Opinion & price target.

The upward revision of our expectations leads to an increase in our price target to € 138.7 vs. € 132.6 - Buy Opinion confirmed.

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BUY

Q2 Sales

Eligible PEA

TARGET

€ 138.7

PREVIOUS

€ 132.6

PRICE (8/4/21)

€ 93.5

POTENTIAL

+ 48.3%

MARKET CAP.

€ 1 418m

FREE FLOAT

€ 341m

Ratios	2021e	2022e	2023e
EV/Sales	7,0	6,2	5,6
EV/EBIT	26,4	23,3	20,8
P/E	38,5	34,4	31,1
P/CF	33,8	30,5	27,1
Dividend Yield	1,0%	1,0%	1,3%

Data per share	2020	2021e	2022e	2023e
EPS	2,15	2,43	2,72	3,00
%Change	13%	13%	12%	10%
FCF	1,82	2,83	3,08	3,38
%Change	13%	55%	9%	10%
Dividend	0,95	0,95	1,22	1,35

Income Statement (€m)	2020	2021e	2022e	2023e
Net Sales	171,8	194,3	213,5	230,5
%Change	8,3%	13,1%	9,9%	7,9%
Gross Margin	139,5	157,4	173,0	187,7
% Sales	81,2%	81,0%	81,0%	81,4%
EBITDA	55,0	61,0	67,3	73,7
% Sales	32,0%	31,4%	31,5%	32,0%
EBIT	46,7	51,3	56,9	62,1
% Sales	27,2%	26,4%	26,6%	26,9%
Net Result	32,7	36,8	41,3	45,6
% Sales	19,0%	19,0%	19,3%	19,8%

Cash Flow Statement (€m)	2020	2021e	2022e	2023e
FCF	27,6	42,9	46,8	51,2
Net Debt	-36,0	-64,5	-94,7	-127,3
Shareholder Equity	149,0	171,4	196,1	223,1
Gearing	-24%	-38%	-48%	-57%
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	-16,1%	-2,0%	-21,2%	12,7%
CAC Mid&Small	14,4%	3,7%	11,2%	33,8%
12 months Low-High	74,60	124,2		

Liquidity	2021	3m	6m	1 Year
Cumulative volume (000)	1 805	713	1 653	2 659
% of capital	11,9%	4,7%	10,9%	17,5%
% of Free Float	49,4%	19,5%	45,2%	72,7%
€ Million	177,6	65,9	160,1	255,8

Next Event

H1 results : september, 24

GreenSome has signed a research contract with Pharmagest

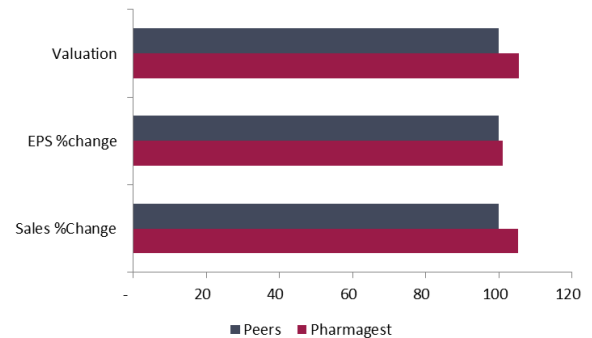
Snapshot PHARMAGEST

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
5/13/21	Q1 Sales	Buy	€ 89.3	€ 132.6
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

Financial Data

Income Statement (€ m)	2018	2019	2020	2021e	2022e	2023e
Revenues	148,5	158,6	171,8	194,3	213,5	230,5
Purchase	26,7	29,9	32,2	36,9	40,6	42,8
Gross Margin	121,8	128,6	139,5	157,4	173,0	187,7
Externals costs	21,6	20,4	20,2	24,7	26,9	27,6
Personnals Costs	53,0	56,3	60,9	67,8	74,5	81,9
EBITDA	44,1	49,0	55,0	61,0	67,3	73,7
Amortization	5,5	8,1	9,1	9,7	10,5	11,5
other	0,2	0,0	0,8	0,0	0,0	0,0
EBIT	38,9	40,8	46,7	51,3	56,9	62,1
Financial Result	0,9	1,5	0,8	1,3	2,1	3,0
Tax	12,7	13,3	13,4	15,8	17,7	19,5
Net Result	27,0	29,0	32,7	36,8	41,3	45,6
Group Net Result	25,4	28,4	30,7	34,6	38,8	42,8

Balance Sheet (€ m)	2018	2019	2020	2021e	2022e	2023e
Fixed Assets	117,1	160,5	184,9	182,0	179,0	175,5
Stock Inventories	5,1	4,4	6,8	5,4	5,9	6,4
Accounts Receivable	32,0	34,6	31,8	37,8	41,5	44,8
Other Currents Assests	8,4	8,0	9,0	10,8	11,9	12,8
Cash & Equivalents	61,3	50,6	63,3	87,6	113,7	142,2
TOTAL Assets	223,8	258,1	295,8	323,6	352,0	381,8
Shareholders' Equity	117,1	131,9	149,0	171,4	196,1	223,1
Provisions	4,1	4,6	5,3	5,3	5,9	6,3
Financial Debt	43,2	57,5	71,8	67,7	63,6	59,4
Accounts Payables	11,9	13,4	14,2	16,2	17,8	19,2
Others Liabilities	45,9	47,6	49,3	56,7	62,3	67,2
TOTAL Liabilitites	223,8	258,1	295,8	323,6	352,0	381,8

Cash Flow Statements (€ m)	2018	2019	2020	2021e	2022e	2023e
Cash Flow from Operating Activities	33,0	35,8	42,0	46,4	52,3	57,6
Change in Net Working Capital	-4,2	4,9	5,2	3,3	2,0	1,7
Cash Flow from Operations	28,9	40,7	47,2	49,7	54,3	59,3
Cash Flow from Investing	-10,2	-16,3	-19,6	-6,8	-7,5	-8,1
Capital Increase	-11,7	-13,3	-13,3	-14,4	-16,6	-18,6
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	-20,7	-22,7
Net Change in cash position	5,4	-10,5	12,2	24,4	26,1	28,5

RATIOS	2018	2019	2020	2021e	2022e	2023e
Gross Margin	82,0%	81,1%	81,2%	81,0%	81,0%	81,4%
Ebitda Margin	29,7%	30,9%	32,0%	31,4%	31,5%	32,0%
EBIT Margin	26,2%	25,8%	27,2%	26,4%	26,6%	26,9%
Net Margin	18,2%	18,3%	19,0%	19,0%	19,3%	19,8%
ROE	23,1%	22,0%	21,9%	21,5%	21,1%	20,4%
ROCE	27,6%	32,9%	33,0%	28,1%	25,1%	22,7%
Gearing	-45,2%	-33,2%	-24,1%	-37,6%	-48,3%	-57,1%

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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