

PHARMAGEST

Euronext B – FR0012882389 – PHA

✓ Organic growth confirmed for 2020

During the video conference organized to detail the annual results, the management of Pharmagest was reassuring about its short-term prospects.

She said that in the event of total confinement for 45 days, the stress tests carried out allow her to confirm the fact that the group will be growing organically in 2020.

This "confidence" is based on the fact that

- 1/ 66% of turnover and 68% of its gross margin are recurring. This amounts to 77% of recurring gross margin for the Pharmacy France division;
- 2 / in France 86% of the workforce is active, 90% in Italy and 88% in Belgium / Luxembourg while the Italian and Benelux sales teams are currently on standby or on technical unemployment

Management's speech is consistent with what happened in 2009 following the subprime crisis. Even if it is necessary to take a lot of perspective on this approach, as we mentioned yesterday, sales had increased by 9.1% with a fleet of pharmacies close to those "currently" held in France. The difficulty in the current context is to measure the level of organic growth that can be expected.

For 2020, we were expecting activity growth of 10.2% with

- 1 / + 5.7% (€ 128m) for the Pharmacy Europe division;
- 2 / + 30% (€ 25.4m) for Health & Social Care Facilities Solutions Division including € 2.6m linked to ICT, € 2m additional turnover from GHT, + 10% in organic;
- 3 / + 20% (€ 19.3m) for e-Health;
- 4 / + 6% (€ 1.9m) for Fintech

If we retire from ICT, our estimate of organic growth for 2020e was previously + 9%.

For Pharmacy, Italy and the Benelux we estimated them as the main providers of growth and had forecast for France + 3.1%.

For the HSCFS, the investments will certainly be shifted at the GHT level, as will certain investments at the EHPAD and SSIAD level.

For e-Health, here too we should logically observe time lags in investments while for Fintech, the problem of funding induced by the crisis should rather play favorably. In the first 2 months of the year, activity increased by + 17%.

Ultimately, Pharmagest is expected to suffer a "hole in the air" from March and at least until the end of June in terms of "new business" because most investments will probably not be canceled but delayed. In organic terms, targeting between + 3% and + 5% does not seem impossible. To this will be added the activities of the structures taken over (ICT, Svemu, Care Solutions, Pandalab) and those to come because the market will necessarily offer new opportunities.

Recall that due to lack of data we did not integrate:

- 1 / Svemu - Italy (October 2019) / Pharmacy Europe. Target: 20% market share in Italy by 2024. We estimate the potential contribution of additional turnover in 2020e of around € 5m. The management is targeting 1,000 pharmacies equipped by the end of 2020. In 2019, Svemu fitted 800 and Pharmagest around 100.
- 2 / Care Solutions - Belgium (January 2020) / Malta Informatique. We have estimated a maximum turnover of around € 5m.
- 3 / Pandalab - France (March 2020) / Malta Informatique

Conclusion

Pharmagest has it under control and displays its confidence. Beyond the figures, the crisis we are going through will certainly highlight even more the need to have the best information systems in order to take care of the patient in the most rapid and efficient manner. In this sense, Pharmagest provides solutions. We can therefore expect an acceleration of investments in this direction by health professionals. Pharmagest should then fully benefit from it.

We will wait for the publication of Q1 to possibly update our forecasts.

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Under Review

Video Conference

Eligible PEA

TARGET

Under Review

PREVIOUS

€ 69.6

PRICE (3/30/20)

€ 50.6

POTENTIAL

-

MARKET CAP.

€ 768m

FREE FLOAT

€ 185m

Estimates Under Review

Ratios	2019e	2020e	2021e
EV/Sales	4,5	4,0	3,5
EV/EBIT	17,6	15,1	13,0
P/E	26,5	23,4	20,7
P/CF	24,1	19,2	17,2
Dividend Yield	0,0	0,0	0,0

Data per share	2018	2019e	2020e	2021e
EPS	1,70	1,91	2,16	2,44
%Change	10%	13%	13%	13%
FCF	1,23	1,41	2,35	2,67
%Change	-3%	15%	66%	14%
Dividend	0,85	0,90	1,02	1,15

Income Statement (€m)	2018	2019e	2020e	2021e
Net Sales	148,5	158,5	174,7	192,5
%Change	14,5%	6,8%	10,2%	10,2%
Gross Margin	121,8	129,3	141,9	156,3
% Sales	82,0%	81,6%	81,3%	81,2%
EBITDA	44,1	47,5	52,5	59,1
% Sales	29,7%	30,0%	30,1%	30,7%
EBIT	38,9	40,8	46,3	51,9
% Sales	26,2%	25,8%	26,5%	27,0%
Net Result	27,0	29,0	32,8	37,1
% Sales	18,2%	18,3%	18,8%	19,3%

Cash Flow Statement (€m)	2018	2019e	2020e	2021e
FCF	18,7	21,4	35,6	40,6
Net Debt	-53,0	-48,4	-70,4	-95,5
Shareholder Equity	117,1	133,3	152,5	174,2
Gearing	-45%	-36%	-46%	-55%
ROCE	28%	29%	27%	25%

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	-15,7%	-15,3%	-6,4%	-3,8%
CAC Mid & Small	-31,0%	-31,2%	-27,4%	-25,0%
12 months Low-High	41,3	65,9		

Liquidity	2020	3m	6m	1 Year
Cumulative volume (000)	378	378	686	1 144
% of capital	2,5%	2,5%	4,5%	7,5%
% of Free Float	10,3%	10,3%	18,7%	31,3%
€ Million	22,0	22,1	40,2	66,2

Next Event Q1 Sales : 14th of may

GreenSome has signed a research contract with Pharmagest

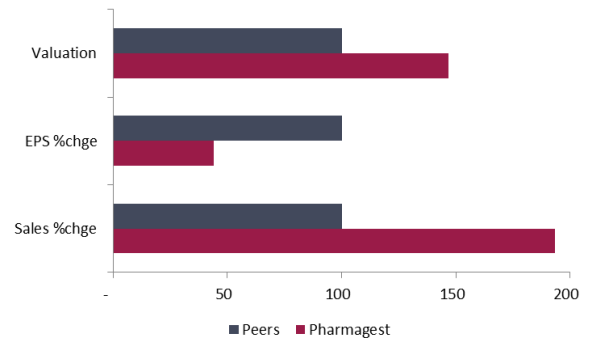
Snapshot PHARMAGEST

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
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
10/14/19	Acquisition in France	Buy	€ 56.6	€ 67.9
10/2/19	Acquisition in Italy	Buy	€ 55.5	€ 64.7
9/23/19	H1 results	Buy	€ 58	€ 64.7
8/5/19	H1 Sales	Buy	€ 58.1	€ 64.7
6/6/19	Pharmathek	Buy	€ 57.6	€ 67.3
5/17/19	Q1 Sales	Buy	€ 53.8	€ 67.3
4/1/19	2018 Results	Buy	€ 54.1	€ 67.3

Financial Data – Under Review

Income Statement (€ m)	2014*	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Revenues	114,6	113,5	128,4	129,7	148,5	158,5	174,7	192,5
Purchase	28,4	24,1	31,5	23,5	26,7	29,3	32,8	36,3
Gross Margin	86,2	89,4	96,9	106,2	121,8	129,3	141,9	156,3
Externals costs	14,4	13,9	14,7	17,5	21,6	21,4	23,0	23,7
Personnals Costs	41,5	42,2	44,6	47,1	53,0	57,1	62,8	69,4
EBITDA	27,6	30,7	35,0	38,8	44,1	47,5	52,5	59,1
Amortization	2,4	2,8	3,8	4,6	5,5	5,7	6,3	6,9
other	0,3	0,3	0,2	0,0	0,2	0,0	0,0	0,0
EBIT	25,5	28,3	31,4	34,3	38,9	40,8	46,3	51,9
Financial Result	1,0	1,0	1,2	1,1	0,9	0,6	0,6	1,1
Tax	9,4	10,3	10,9	10,7	12,7	12,4	14,1	15,9
Net Result	17,0	19,0	21,5	24,3	27,0	29,0	32,8	37,1
Group Net Result	17,0	18,8	20,6	23,2	25,4	27,9	31,5	35,6
Balance Sheet (€ m)	2014*	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Fixed Assets	44,9	46,4	66,8	88,0	117,1	143,0	142,8	142,6
Stock Inventories	2,3	2,4	2,6	2,8	5,1	3,5	3,9	4,3
Accounts Receivable	15,3	16,0	20,2	22,9	32,0	26,4	29,1	32,1
Other Currents Assets	3,4	4,1	6,0	8,7	8,4	11,0	12,1	13,4
Cash & Equivalents	47,7	55,1	55,2	55,7	61,3	69,5	87,4	108,5
TOTAL Assets	113,6	124,0	150,7	178,2	223,8	253,5	275,4	300,8
Shareholders' Equity	81,7	91,6	103,7	104,9	117,1	133,3	152,5	174,2
Provisions	2,0	2,4	3,3	3,4	4,1	4,3	4,8	5,3
Financial Debt	1,6	1,6	10,4	16,9	43,2	56,0	51,9	47,8
Accounts Payables	6,3	6,7	8,2	9,6	11,9	11,9	13,1	14,4
Others Liabilities	21,0	19,0	22,1	39,0	45,9	46,2	51,0	56,2
TOTAL Liabilities	113,6	124,0	150,7	178,2	223,8	253,5	275,4	300,8
Cash Flow Statements (€ m)	2014*	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Cash Flow from Operating Activities	18,0	21,1	23,9	28,0	33,0	31,8	39,9	44,8
Change in Net Working Capital	-1,3	-1,1	-1,3	-0,8	-4,2	5,1	1,8	2,6
Cash Flow from Operations	16,7	20,0	22,6	27,2	28,9	37,0	41,7	47,3
Cash Flow from Investing	-3,3	-4,0	-5,7	-7,9	-10,2	-15,5	-6,1	-6,7
Capital Increase	-11,4	-8,9	-9,3	-11,1	-11,7	-13,5	-13,6	-15,4
Funding Flow	-5,0	-5,4	3,0	7,0	7,7	8,5	-4,1	-4,1
Cash Flow from Financing	-16,5	-14,5	-9,2	-14,6	-13,3	-13,2	-17,7	-19,6
Net Change in cash position	-3,1	1,4	7,7	4,7	5,4	8,2	17,9	21,0
RATIOS	2014*	2015*	2016*	2017**	2018**	2019e**	2020e**	2021e**
Gross Margin	75,2%	78,8%	75,5%	81,9%	82,0%	81,6%	81,3%	81,2%
Ebitda Margin	24,1%	27,1%	27,3%	29,9%	29,7%	30,0%	30,1%	30,7%
EBIT Margin	22,3%	24,9%	24,4%	26,5%	26,2%	25,8%	26,5%	27,0%
Net Margin	14,8%	16,7%	16,7%	18,7%	18,2%	18,3%	18,8%	19,3%
ROE	20,8%	20,8%	20,7%	23,2%	23,1%	21,8%	21,5%	21,3%
ROCE	27,5%	25,6%	25,8%	30,3%	27,6%	29,5%	27,4%	25,5%
Gearing	-56,5%	-58,5%	-57,4%	-54,6%	-45,2%	-36,3%	-46,1%	-54,8%
FCF per share	0,9	1,1	1,1	1,3	1,2	1,4	2,3	2,7
EPS (€)	1,1	1,3	1,4	1,5	1,7	1,9	2,2	2,4
Dividend per share (€)	0,6	0,6	0,7	0,0	0,9	0,9	1,0	1,1
Dividen Yield	2,9%	2,6%	2,4%	0,0%	1,7%	1,8%	2,0%	2,3%
Distribution rate	47,9%	51,2%	47,3%	0,0%	46,2%	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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