

PRESS RELEASE

Quarterly Financial Information as of September 30, 2017
IFRS - Regulated Information - Not Audited

Cegedim: revenue growth remained robust in the third quarter of 2017

- Like-for-like revenues rose 5.9% in Q3 2017
- Business model transformation is still going strong
- Cegelease divestment under consideration

Disclaimer: This press release is available in French and in English. In the event of any difference between the two versions, the original French version takes precedence. This press release may contain inside information. It was sent to Cegedim's authorized distributor on October 26, no earlier than 5:45 pm Paris time.

The following terms "business model transformation" and "BPO" are defined in the Glossary.

To clarify which activities are included in the *Activities not allocated* division, the division has been renamed *Corporate and others*. The make-up of Cegedim's divisions has not changed.

IFRS 5 was not applied as at September 30, 2017. The contributions of *Cegelease* and *Eurofarmat* to the consolidated revenue was €8.9 million at September 30, 2017, and €8.1 million in 9M 2016. The Q3 2017 contribution was €2.4 million, compared with €2.6 million a year earlier.

CONFERENCE CALL ON OCTOBER 26, 2017, AT 6:15PM CET

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Boulogne-Billancourt, France, October 26, 2017, after the market close

Cegedim, an innovative technology and services company, posted consolidated Q3 2017 revenues of €109.3 million, up 6.3% on a reported basis and 5.9% like for like compared with the same period in 2016.

Over the first nine months of 2017, **Cegedim** posted consolidated revenues of €339.9 million, up 6.8% on a reported basis and 6.3% like for like compared with the same period in 2016.

Every division contributed to the Group's positive like-for-like growth over the first nine months of 2017, as compared to the year-earlier period.

Growth at the *Health insurance, HR and e-services* division remained robust, with year-on-year (y/y) increases of 10.1% in the third quarter and 9.9% over the first nine months of 2017. Nearly all of the division's businesses contributed to the growth.

Over the same period, the *Healthcare professionals* division experienced a slight decline, with Q3 revenues down 0.5% owing to a less favorable comparison. Over the first nine months of the year, division revenues rose 0.8% like for like compared with the same period in 2016. This trend was chiefly attributable to the doctor computerization business: the business saw growth in the US, but a contraction in the UK pending the release of a full SaaS version.

Part of this growth came from the Group's BPO businesses, most of which are still ramping up their operations.

The business model transformation initiated in fall 2015 is beginning to pay off, and we expect to see the full impact in 2018.

To continue its business model transformation and refocus its strategy, **Cegedim** is considering a divestment of its *Cegelease* and *Eurofarmat* subsidiaries. These subsidiaries operate principally in the financial domain, are highly valued, and require additional resources to continue pursuing and accelerating their development for the benefit of their clients and employees.

Revenue trends by division

To clarify which activities are included in the *Activities not allocated* division, the division has been renamed *Corporate and others*. The make-up of *Cegedim's* divisions has not changed

- **In the third quarter of 2017**

In € million	Third quarter			
	2017	2016	Chg. L-f-I	Chg. Reported
Health insurance, HR and e-services	68.0	60.6	+10.1%	+12.1%
Healthcare professionals	40.4	41.5	(0.5)%	(2.6)%
Corporate and others	1.0	0.8	+24.3%	+24.3%
Cegedim	109.3	102.8	+5.9%	+6.3%

In the third quarter of 2017, *Cegedim* posted consolidated Group revenues of €109.3 million, up 6.3% on a reported basis. Excluding an unfavorable currency translation effect of 0.9% and a 1.3% boost from acquisitions, revenues rose 5.9%.

The unfavorable currency translation effect of €1.0 million, or 0.9%, was chiefly due to the €0.7 million negative impact of the pound sterling, which represents 10.2% of revenues, and the €0.2 million negative impact of the US dollar, which represents 3.1% of revenues.

The €1.3 million positive impact from acquisitions, or 1.3%, was due to the acquisition of *Futuramedia* in France in November 2016.

In like-for-like terms, the *Health Insurance, HR and e-services* division's revenues rose by 10.1%, whereas the *Healthcare professionals* division's revenues fell by 0.5%.

- **In the first nine months of 2017**

In € million	First nine months			
	2017	2016	Chg. L-f-I	Chg. Reported
Health insurance, HR and e-services	208.1	185.2	+9.9%	+12.4%
Healthcare professionals	128.8	130.8	+0.8%	(1.6)%
Corporate and others	2.9	2.3	+25.6%	+25.6%
Cegedim	339.9	318.3	+6.3%	+6.8%

In the first nine months of 2017, *Cegedim* posted consolidated Group revenues of €339.9 million, up 6.8% on a reported basis. Excluding an unfavorable currency translation effect of 1.1% and a 1.6% boost from acquisitions, revenues rose 6.3%.

The unfavorable currency translation effect of €3.6 million, or 1.1%, was chiefly due to the €3.5 million negative impact of the pound sterling, which represented 10.7% of revenues.

The €5.2 million positive impact from acquisitions, or 1.6%, was due to the acquisition of *Futuramedia* in France in November 2016.

Both of the divisions grew their like-for-like revenues. *Health insurance, HR and e-services* division revenues rose by 9.9%, and *Healthcare professionals* division revenues rose by 0.8%.

Analysis of business trends by division

- **Health insurance, HR and e-services**

The division's 9M 2017 revenues came to €208.2 million, up 12.4% on a reported basis. The November 2016 *Futuramedia* acquisition in France made a positive contribution of 2.8%. Currency translation had a negative impact of 0.2%. Like-for-like revenues rose 9.9% over the period.

The *Health insurance, HR and e-services* division represented 61.3% of consolidated revenues, compared with 58.2% over the same period a year earlier.

The division's Q3 2017 revenues came to €68.8 million, up 12.1% on a reported basis. The November 2016 **Futuramedia** acquisition in France made a positive contribution of 2.1%. Currency translation had a negative impact of 0.1%. Like-for-like revenues rose 10.1% over the period.

The increase in the third quarter was chiefly attributable to:

- Continued double-digit growth at **Cegedim SRH** following the start of work with several new clients of the SaaS platform for HR management;
- Double-digit growth in point-of-sale advertising in pharmacies and health & wellness shops for **RNP**, which now has a stronger digital offering since acquiring **Futuramedia** in October 2016;
- Strong sales momentum leading to the start of work with several new clients of the SaaS platform for electronic data exchange, **Global Information Services**, including payment and process digitalization platforms. **Cegedim e-business** again posted double-digit revenue growth in Q3 2017;
- Double-digit growth in **iGestion** BPO activities for health insurers and mutual insurers;
- Brisk momentum in the business of selling pharmaceutical sales statistics;
- The continuation of positive trends – seen for several quarters now – in sales of third-party payment processing services.

The gains were marginally offset by a decline in software and services for the personal insurance market due to the impact of switching to the SaaS format.

- **Healthcare professionals**

The division's 9M 2017 revenues came to €128.8 million, down 1.6% on a reported basis. Currencies had a negative impact of 2.4%. There was virtually no impact from acquisitions or divestments. Like-for-like revenues rose 0.8% over the period.

The **Healthcare professionals** division represented 37.9% of consolidated revenues, compared with 41.1% over the same period a year earlier.

The division's Q3 2017 revenues came to €40.4 million, down 2.6% on a reported basis. Currency translation had a negative impact of 2.1%. There was virtually no impact from acquisitions or divestments. Like-for-like revenues rose 0.5% over the period.

This minor dip in third-quarter revenues was mainly the result of the doctor computerization business in the UK pending the release of a full SaaS version. The first modules to hit the market early this year have received excellent reviews. This performance was offset to some extent by growth in other computerization businesses for:

- French pharmacists, who have embraced the new **Smart Rx** offering. The strong momentum in second-quarter sales continued in the third quarter;
- Doctors in the US, Belgium and France;
- Nurses, physical therapists, speech therapists, orthoptists, midwives and podiatrists in France;

And accelerated growth in business related to the **BCB** database, an aid for prescribing and delivering medications and other healthcare products.

- **Corporate and others**

The division's 9M 2017 revenues came to €2.9 million, up 25.6% on a reported and like-for-like basis. There was no currency impact and no acquisitions or divestments.

The **Corporate and others** division represented 0.9% of consolidated revenues, compared with 0.7% over the same period a year earlier.

The division's Q3 2017 revenues came to €1.0 million, up 24.3% on a reported and like-for-like basis. There was no currency impact and no acquisitions or divestments.

This positive trend reflects a less demanding comparison and genuine development of the facilities management and hosting activity, including for health records.

Highlights

Apart from the items cited below, to the best of the company's knowledge, there were no events or changes during the period that would materially alter the Group's financial situation.

- **Non-recourse factoring agreement**

On May 22, 2017, the Group signed a factoring agreement with a French bank. The non-recourse agreement covers aggregated total receivables of €38.0 million. The operating units involved in the arrangement are [Cegedim SA](#), [Cegedim Activ](#), [Cegedim SRH](#) and [CETIP](#). The factoring agreement is open-ended, but either party may terminate it at any time, subject to a three-month notice period.

It applies to trade receivables denominated in euros payable by clients located in France. The amount of trade receivables sold under the agreement came to €18.8 million at June 30, 2017.

- **Partial interest rate hedging**

To hedge part of its exposure to euro interest rate fluctuations arising from its RCF, the Group carried out an interest rate swap on February 17, 2017. Under the zero-premium swap agreement, [Cegedim](#) receives the 1-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays a fixed rate of 0.2680% for a notional amount of €50 million, starting on February 28, 2017, and maturing February 26, 2021.

To hedge part of its exposure to euro interest rate fluctuations arising from its RCF, the Group carried out an interest rate swap on May 11, 2017. Under the zero-premium swap agreement, [Cegedim](#) receives the 1-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays a fixed rate of 0.2750% for a notional amount of €30 million, starting on May 31, 2017, and maturing December 31, 2020.

- **GIE Isiaklé**

As part of the BPO contract [Cegedim](#) signed with the Klesia group in September 2016, the two companies created an economic interest group (GIE), held 50/50. In January 2017, [Cegedim](#) lent Isiaklé €9 million for a period of 10 years at an interest rate of 1m Euribor plus a margin of 1.1%. Isiaklé will use the loan to purchase from Klesia a €9 million software package necessary for it to perform its services. The GIE is accounted for in [Cegedim's](#) consolidated accounts using the equity method.

- **Tessi litigation**

On February 10, 2017, [Cegedim](#) was ordered to pay €4,636,000 to the Tessi company for failing to meet certain obligations with respect to an asset sale made on July 2, 2007. Payment was made on July 21, 2017.

[Cegedim](#) has decided to appeal this decision. The appeal is currently under way.

- **Acquisition of B.B.M. Systems in the UK**

On February 23, 2017, [Cegedim](#) acquired UK company [B.B.M. Systems](#) through its [Alliadis Europe Ltd](#) subsidiary. The deal strengthens the Group's expertise in developing cloud-based products for general practitioners.

B.B.M. Systems had 2016 revenues of around €0.7 million and earned a profit. It contributes to the Group's scope of consolidation from March 1, 2017.

- **Changes to Cegedim SA's Board of Directors**

In March 2017, in keeping with the wishes of Bpifrance, Ms. Anne-Sophie Hérelle has been appointed to replace Ms. Valérie Raoul-Desprez on the Board of Directors. The permanent representative of Bpifrance, is now Ms. Marie Artaud-Dewitte, Deputy Head of Legal Affairs at Bpifrance Investissements. She replaces Ms. Anne-Sophie Hérelle.

- **Acquisition of Adaptive Apps in the UK**

On May 3, 2017, [Cegedim](#) acquired UK company [Adaptive Apps](#) through its [In Practice Systems Limited](#) subsidiary. The deal strengthens the Group's expertise in developing cloud-based and mobile products for healthcare professionals.

[Adaptive Apps](#) had 2016 revenues of around €1.5 million and earned a profit. It contributes to the Group's scope of consolidation from May, 2017.

- **Euris litigation**

Cegedim, jointly with IMS Health, is being sued by Euris for unfair competition. *Cegedim* has filed a motion claiming that IMS Health should be the sole defendant. After consulting with its external legal counsel, the Group has decided not to record any provisions.

- **Cegelease contemplated disposal**

As part of the business model transformation plan that the Group initiated in fall 2015, *Cegedim* is contemplating divestment of its *Cegelease* and *Eurofarmat* subsidiaries. These subsidiaries operate principally in the financial domain, are highly valued, and require additional resources to continue pursuing and accelerating their development for the benefit of their clients and employees.

The two businesses have 24 employees in France. In 2016 they contributed €5.4 million to Group consolidated EBITDA. The subsidiaries' standalone EBITDA amounted to €18.1 million in 2016.

If the Group receives satisfactory offers and is able to obtain the necessary approvals, it plans to close the deal in the second half of 2017. The Group in no way guarantees that a deal will be carried out.

A successful sale would give the Group a portfolio of businesses that fit well together and generate strong synergies. *Cegedim* is not planning any further divestments.

Assisting *Cegedim* on this transaction are the consulting firm of Ohana & Co and the law firm of Freshfields Bruckhaus Deringer.

Significant post-closing transactions and events

To the best of the company's knowledge, apart from the item cited below, there were no events or changes after the accounts were closed that would materially alter the Group's financial situation.

- **Alliadis litigation**

On October 20, 2017, the court of Nimes ordered *Alliadis* to pay a fine of €2 million as part of a case involving a pharmacist from Remoulins, France. *Cegedim* has asked for the case to be dismissed. A ruling is scheduled for November 24. The €2 million fine is the maximum currently allowed under the law (Article 1741 of the General Tax Code in force on January 1, 2017). But the accusations against *Alliadis* date back to 2007 and 2008. The version of Article 1741 in force from January 1, 2006, to May 14, 2009, sets a maximum fine of €375,000.

Outlook

Cegedim continues to reinvent itself in 2017, pursuing innovation and investing in the future by transforming its business model. The business model transformation is well under way, so growth momentum is expected to pick up in Q4 2017 and lead to improving profitability in the future.

For 2017, *Cegedim* still expects:

- Like-for-like revenue growth of slightly more than 6.0%;
- EBITDA in a range of €66.0 million to €72.0 million inclusive.

The above outlook does not reflect the potential divestments of *Cegelease* and *Eurofarmat*.

Cegedim expects to see the full positive impact of its investments, reorganization and transformation in 2018.

The Group does not expect any significant acquisitions in 2017 and does not disclose earnings projections or estimates.

- **Potential impact of Brexit**

In 2016, the UK accounted for 12.7% of consolidated Group revenues and 14.8% of consolidated Group EBIT.

Cegecim deals in local currency in the UK, as it does in every country where it is present. Thus Brexit is unlikely to have a material impact on Group EBIT.

With regard to healthcare policy, the Group has not identified any major European programs at work in the UK and expects UK policy to be only marginally affected by Brexit.

The figures cited above include guidance on *Cegecim's* future financial performances. This forward-looking information is based on the opinions and assumptions of the Group's senior management at the time this press release is issued and naturally entails risks and uncertainty. For more information on the risks facing *Cegecim*, please refer to points 2.4, "Risk factors and insurance", and 3.7, "Outlook", of the 2016 Registration Document filed with the AMF on March 29, 2017, under number D.17-0255.

Financial calendar

December 11, 2017 – 2:30 to 5:45 pm CET

8th Investor Summit: « *Cegecim DNA : A unique presence in the connected healthcare ecosystem* »

October 26, 2017, at 6:15pm (Paris time)

The Group will hold a conference call hosted by *Jan Eryk Umiastowski, Cegecim Chief Investment Officer and Head of Investor Relations.*

The webcast is available at the following address: www.cegedim.fr/webcast

The third quarter 2017 revenue presentation is available at:

The website: <http://www.cegedim.fr/finance/documentation/Pages/presentations.aspx>

The Group's financial communications app, Cegecim IR. To download the app, visit: <http://www.cegedim.fr/finance/profil/Pages/CegecimIR.aspx>

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Additional information

Q3 2017 revenue figures have not been audited by the Statutory Auditor.

Annexe

Breakdown of revenue by quarter and division

- Year 2017

<i>In € thousands</i>	Q1	Q2	Q3	Q4	Total
Health insurance, HR and e-services	68,606	71,650	67,955	-	208,211
Healthcare professionals	44,045	44,334	40,383	-	128,762
Corporate and others	1,054	930	957	-	2,940
Cegedim	113,705	116,913	109,294	-	339,912

- Year 2016

<i>In € thousands</i>	Q1	Q2	Q3	Q4	Total
Health insurance, HR and e-services	59,728	64,847	60,607	77,143	262,325
Healthcare professionals	45,687	43,676	41,459	44,404	175,226
Corporate and others	793	778	770	954	3,295
Cegedim	106,208	109,301	102,836	122,501	440,846

Breakdown of revenue by geographic zone and division

- As of September 30, 2017

<i>In € thousands</i>	France	EMEA excl. France	Americas	APAC
Health insurance, HR and e-services	97.0%	3.0%	-	-
Healthcare professionals	60.9%	30.1%	9.0%	-
Corporate and others	99.7%	0.3%	-	-
Cegedim	83.3%	13.3%	3.4%	-

Breakdown of revenue by currency and division

- As of September 30, 2017

<i>In € thousands</i>	Euro	GBP	USD	Others
Health insurance, HR and e-services	97.0%	1.9%	-	1.1%
Healthcare professionals	65.0%	25.0%	8.8%	1.2%
Corporate and others	100.0%	-	-	0.0%
Cegedim	84.9%	10.7%	3.3%	1.1%

Glossary

BPO (Business Process Outsourcing): BPO is the contracting of non-core business activities and functions to a third-party provider. Cegedim provides BPO services for human resources, Revenue Cycle Management in the US and management services for insurance companies, provident institutions and mutual insurers.

Business model transformation: Cegedim decided in fall 2015 to switch all of its offerings over to SaaS format, to develop a complete BPO offering, and to materially increase its R&D efforts. This is reflected in the Group's revamped business model. The change has altered the Group's revenue recognition and negatively affected short-term profitability

Corporate and others: This division encompasses the activities the Group performs as the parent company of a listed entity, as well as the support it provides to the three operating divisions.

EPS: Earnings Per Share is a specific financial indicator defined by the Group as the net profit (loss) for the period divided by the weighted average of the number of shares in circulation.

Operating expenses: Operating expenses is defined as purchases used, external expenses and payroll costs.

Revenue at constant exchange rate: When changes in revenue at constant exchange rate are referred to, it means that the impact of exchange rate fluctuations has been excluded. The term "at constant exchange rate" covers the fluctuation resulting from applying the exchange rates for the preceding period to the current fiscal year, all other factors remaining equal.

Revenue on a like-for-like basis: The effect of changes in scope is corrected by restating the sales for the previous period as follows:

- by removing the portion of sales originating in the entity or the rights acquired for a period identical to the period during which they were held to the current period;
- similarly, when an entity is transferred, the sales for the portion in question in the previous period are eliminated.

Life-for-like data (L-f-l): At constant scope and exchange rates.

Internal growth: Internal growth covers growth resulting from the development of an existing contract, particularly due to an increase in rates and/or the volumes distributed or processed, new contracts, acquisitions of assets allocated to a contract or a specific project.

External growth: External growth covers acquisitions during the current fiscal year, as well as those which have had a partial impact on the previous fiscal year, net of sales of entities and/or assets.

EBIT: Earnings Before Interest and Taxes. EBIT corresponds to net revenue minus operating expenses (such as salaries, social charges, materials, energy, research, services, external services, advertising, etc.). It is the operating income for the Cegedim Group.

EBIT before special items: This is EBIT restated to take account of non-current items, such as losses on tangible and intangible assets, restructuring, etc. It corresponds to the operating income from recurring operations for the Cegedim Group.

EBITDA: Earnings before interest, taxes, depreciation and amortization. EBITDA is the term used when amortization or depreciation and revaluations are not taken into account. "D" stands for depreciation of tangible assets (such as buildings, machines or vehicles), while "A" stands for amortization of intangible assets (such as patents, licenses and goodwill). EBITDA is restated to take account of non-current items, such as losses on tangible and intangible assets, restructuring, etc. It corresponds to the gross operating earnings from recurring operations for the Cegedim Group.

Adjusted EBITDA : Consolidated EBITDA adjusted, for 2016, for the €4.0m of negative impact from impairment of receivables in the Healthcare Professional division

Net Financial Debt: This represents the Company's net debt (non-current and current financial debt, bank loans, debt restated at amortized cost and interest on loans) net of cash and cash equivalents and excluding revaluation of debt derivatives.

Free cash flow: Free cash flow is cash generated, net of the cash part of the following items: (i) changes in working capital requirements, (ii) transactions on equity (changes in capital, dividends paid and received), (iii) capital expenditure net of transfers, (iv) net financial interest paid and (v) taxes paid.

EBIT margin: EBIT margin is defined as the ratio of EBIT/revenue.

EBIT margin before special items: EBIT margin before special items is defined as the ratio of EBIT before special items/revenue.

Net cash: Net cash is defined as cash and cash equivalent minus overdraft.

About Cegedim:

Founded in 1969, Cegedim is an innovative technology and services company in the field of digital data flow management for healthcare ecosystems and B2B, and a business software publisher for healthcare and insurance professionals. Cegedim employs more than 4,000 people in 11 countries and generated revenue of €441 million in 2016. Cegedim SA is listed in Paris (EURONEXT: CGM).

To learn more, please visit: www.cegedim.com

And follow Cegedim on Twitter: [@CegedimGroup_LinkedIn](https://twitter.com/CegedimGroup_LinkedIn) and [Facebook](https://www.facebook.com/cegedim).

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