

Cegecim

# 2017 HY Earnings.

September 21, 2017 <<<





Cegedim  
**2017**  
**HY**  
Earnings.

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# AGENDA

## SAFE HARBOR STATEMENT

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This presentation contains forward-looking statements (made pursuant to the safe harbour provisions of the Private Securities Litigation Reform Act of 1995). By their nature, forward-looking statements involve risk and uncertainty. Forward-looking statements represent the company's judgment regarding future events, and are based on currently available information. Consequently the company cannot guarantee their accuracy and their completeness, and actual results may differ materially from those the company anticipated due to a number of uncertainties, many of which the company is not aware of. For additional information concerning these and other important factors that may cause the company's actual results to differ materially from expectations and underlying assumptions, please refer to the reports filed by the company with the 'Autorité des Marchés Financiers'.

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# 01

Cegedim **at a glance**

# 02

Cegedim **Strategy**

# 03

Cegedim **Analysis of Results HY 2017 Earnings**



Cegecim at a glance



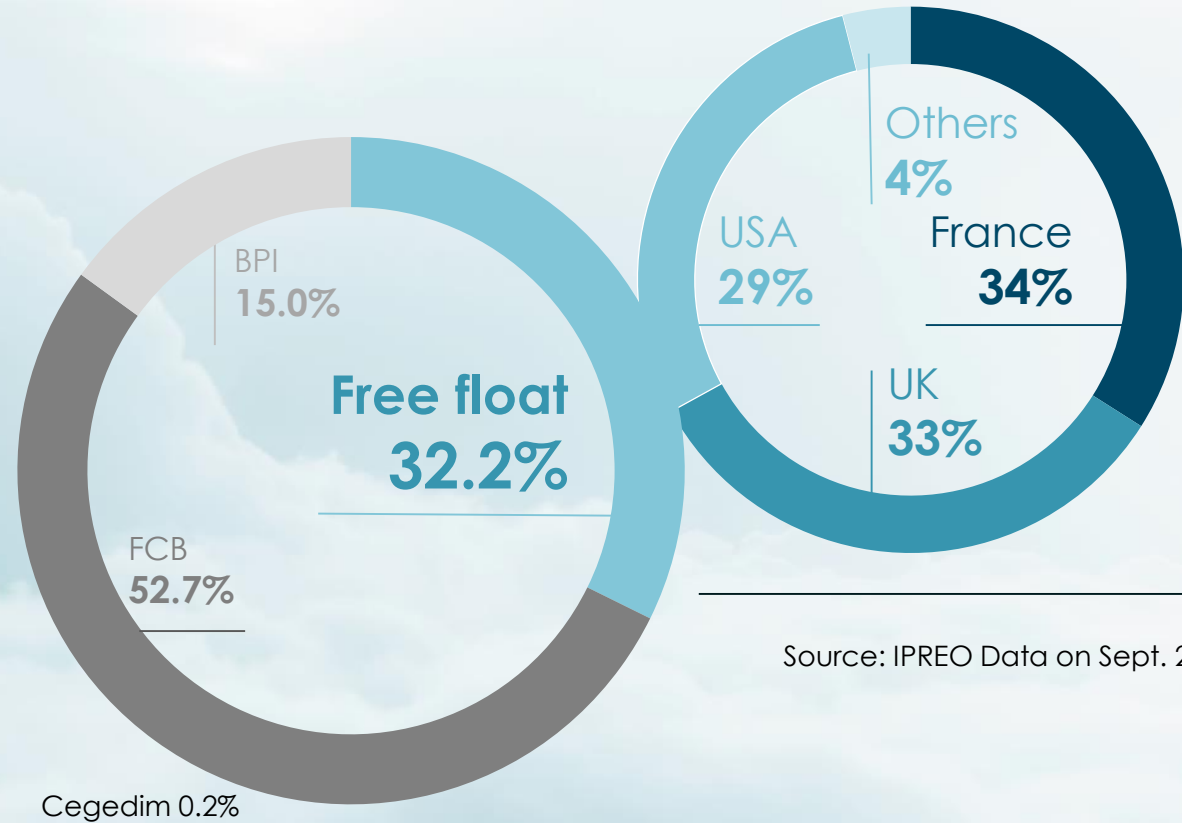
Founded in **1969**

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

A **global company** with headquarter **in France** and a **local presence in 11 countries**

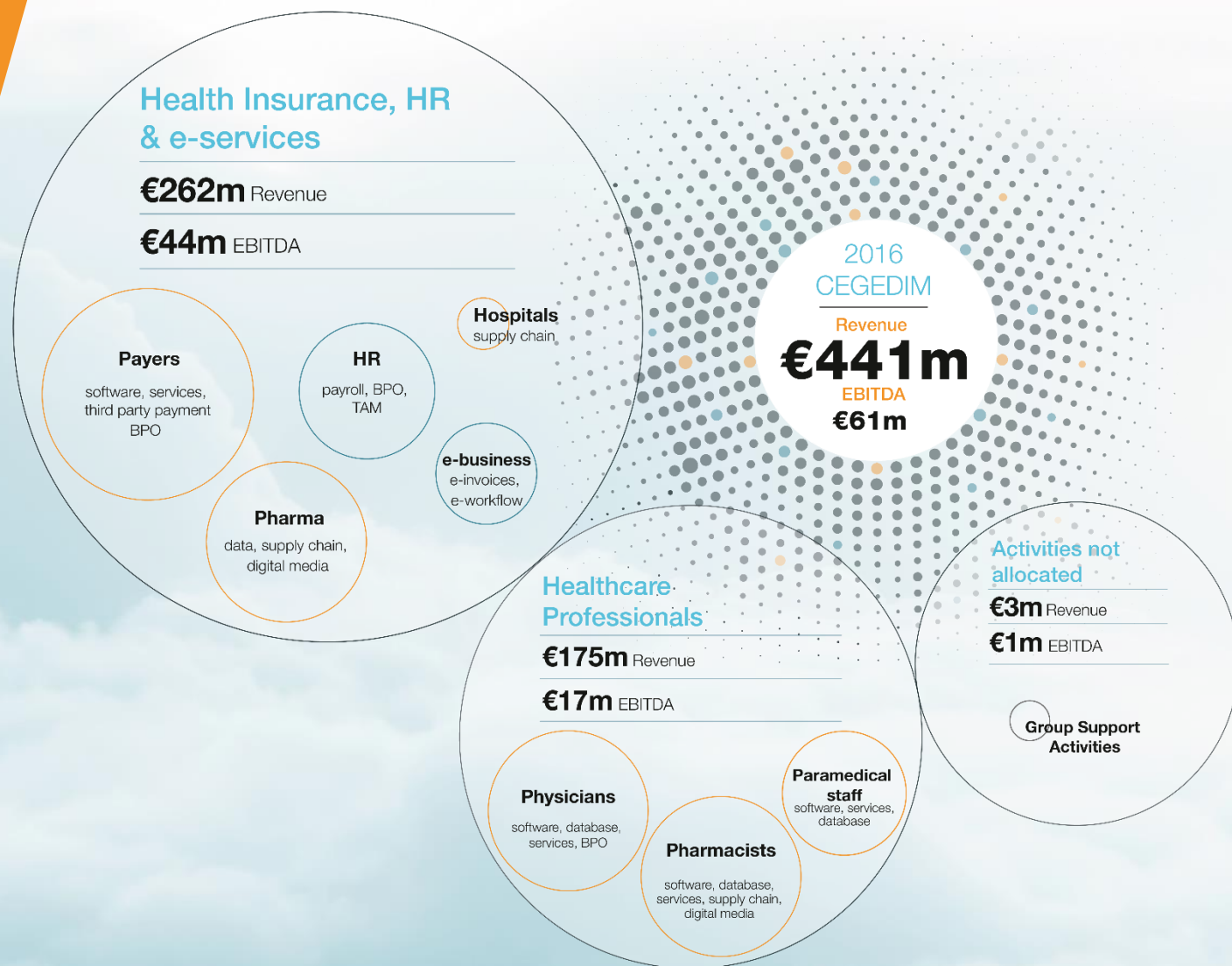
Listed on **Euronext Paris**

## Shareholder Structure as of June 2017



Source: IPREO Data on Sept. 26, 2016

**Cegedim:**  
**Our divisions**  
**Our Clients**



● Proportional to FY 2016 Revenue

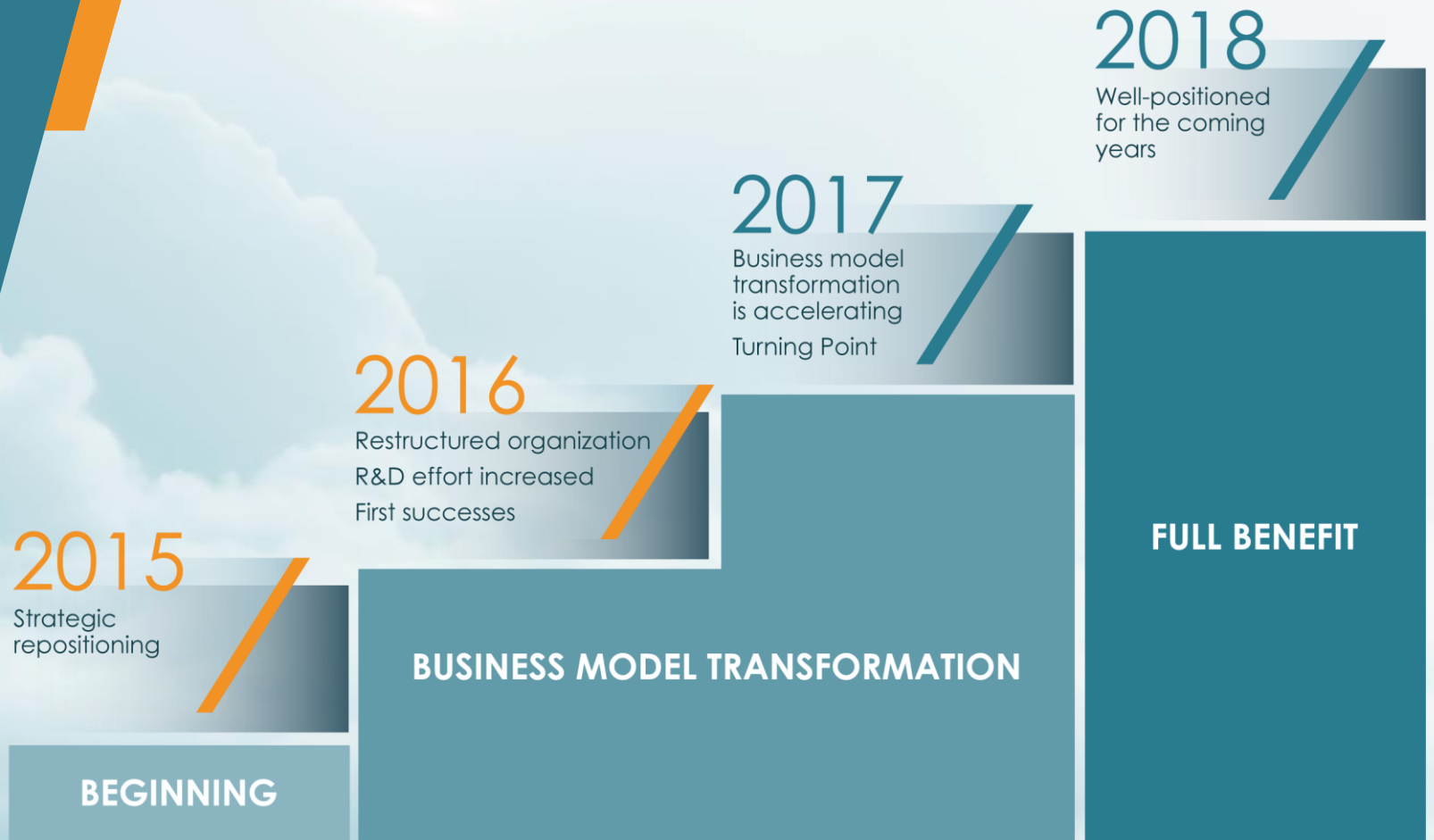




# Cegedim Strategy



# Our Playbook Planning



## Our Playbook



**Portfolio  
Management**



**Investing in  
Innovation**



Innovation and Business Model  
Transformation are our key levers to  
create efficient growth

**Business Model  
Transformation**



Our Playbook:  
**Portfolio**  
**Management**



**Our  
Playbook:  
Portfolio  
Management**



## Divestments

- » CRM and Strategic Data
- » Cegelease\*

April 2015

2017

Proceed used to pay back debt

\* The Group consider to sell its Cegelease and Eurofarmat Business

## Acquisitions

- » Activus (Cegedim Insurance Solutions)
- » Nightingale (CHS)
- » Futuramedia (Digital media)
- » BBM (CHS)
- » Adaptive apps (CHS)

Jul.15

Oct.15

Nov.16

Feb.17

May 3

## Cegelease Activity



Offering **leasing contracts** chiefly to **pharmacies** and **healthcare professionals** in France

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The company has **evolved** from a reseller of products developed exclusively by the Group **into a broker offering multi-solution** financing contracts to a **wide variety of clients**

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Today, **Cegedim accounts** for a **minority** of **Cegelease's revenues**

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**Eurofarmat:** Specializes in selling used equipment and also develops and maintains the software used by Cegelease

## Cegelease Disposal



As part of the **business model transformation** plan Cegedim **is contemplating divestment** of its *Cegelease* and *Eurofarmat* subsidiaries

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These subsidiaries

- Operate principally in the **financial** domain,
  - Are **highly valued**,
  - **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

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In **2016** they contributed

- **€11.6m** to Group consolidated **revenue**
- **€5.4m** to Group consolidated **EBITDA**

## Cegelease Disposal



**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

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**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.



## Our Playbook



Portfolio  
Management



Investing in  
Innovation



Business Model  
Transformation



Our Playbook:  
Investing in  
Innovation



## Capitalized R&D for HY 17

**€22.5m**

For the 6 first months of 2017

**€21.7m**

For the second half of 2016

**+20.6%**

Percentage increase  
compare to a year ago

## Capitalized R&D on Revenue ratio

**9.8%**

For the first 6 months of 2017

**10.3%**

For the second half of 2016

© Cegedim 2017

**+110bps**

Percentage increase compare  
to a year ago

**Our Playbook:  
Investing in  
Innovation**



**Launch of numerous new products**

**Pulse Cloud Practice Management** for US GP's

**Vision Anywhere** for UK GP's

**SaaS**

**Smart RX** for French Pharmacists

**MonLogicielMedical.com** for French GP's

**Digital**

**Launch of numerous new products**

**Docavenue** French platform

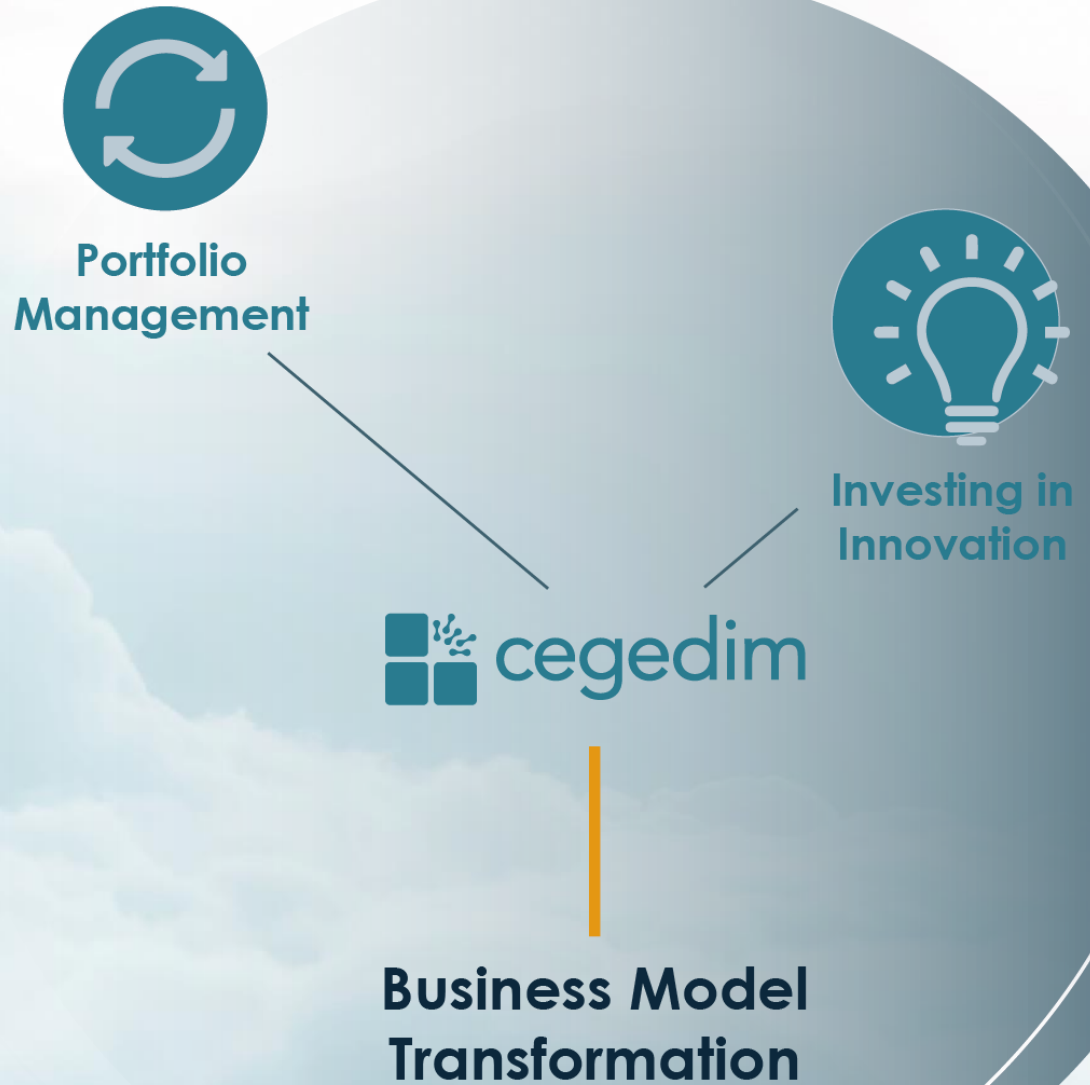
**Cegedim e-business** full SaaS e-invoicing platform

**Digital**

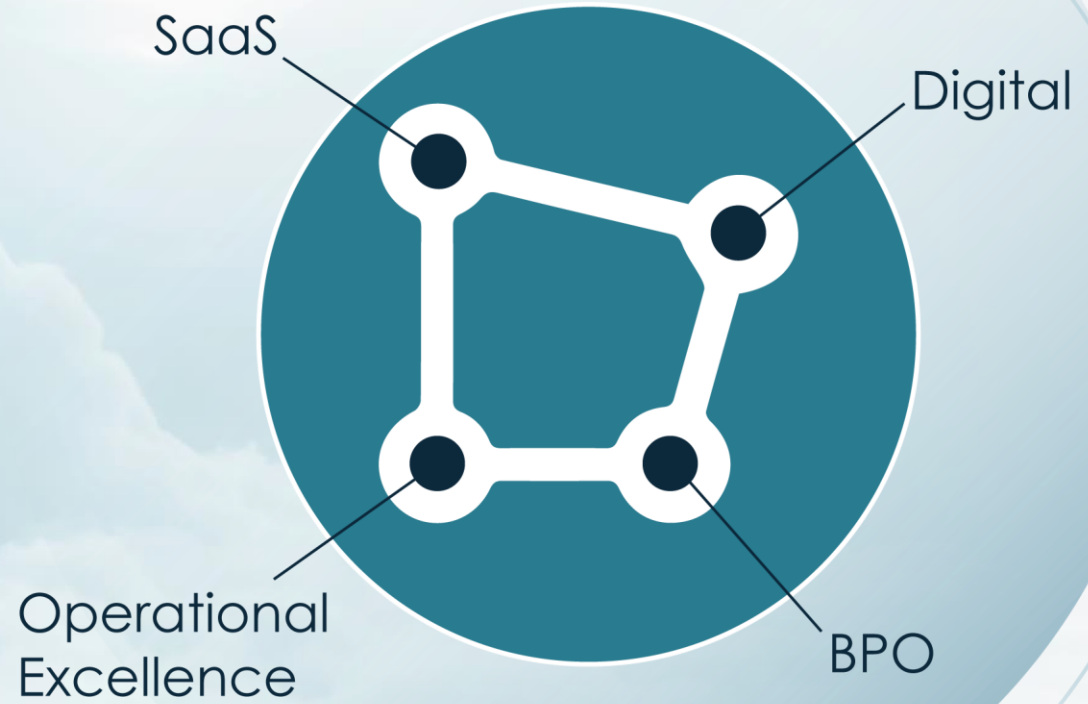
**Activ Infinite 7** for Health Insurance Cy

**SaaS**

## Our Playbook



## Business Model Transformation



**Align organization and resources to our best opportunities**

## BPO: Full Service Model



**Software**



Extending the range of opportunities



## **Software & Full Services Model**

- US GP's with RCM
- HR Department (FNAC)
- Health Insurance Companies (Klesia, YSTIA)



**Creating new opportunities with customers  
and expanding the value of Cegedim's offer**

## Operational Excellence



**Simplify and optimize process**



**Increase R&D productivity** Software Factory



**Reduce cost of services** Industrialization



**New Head of HR**

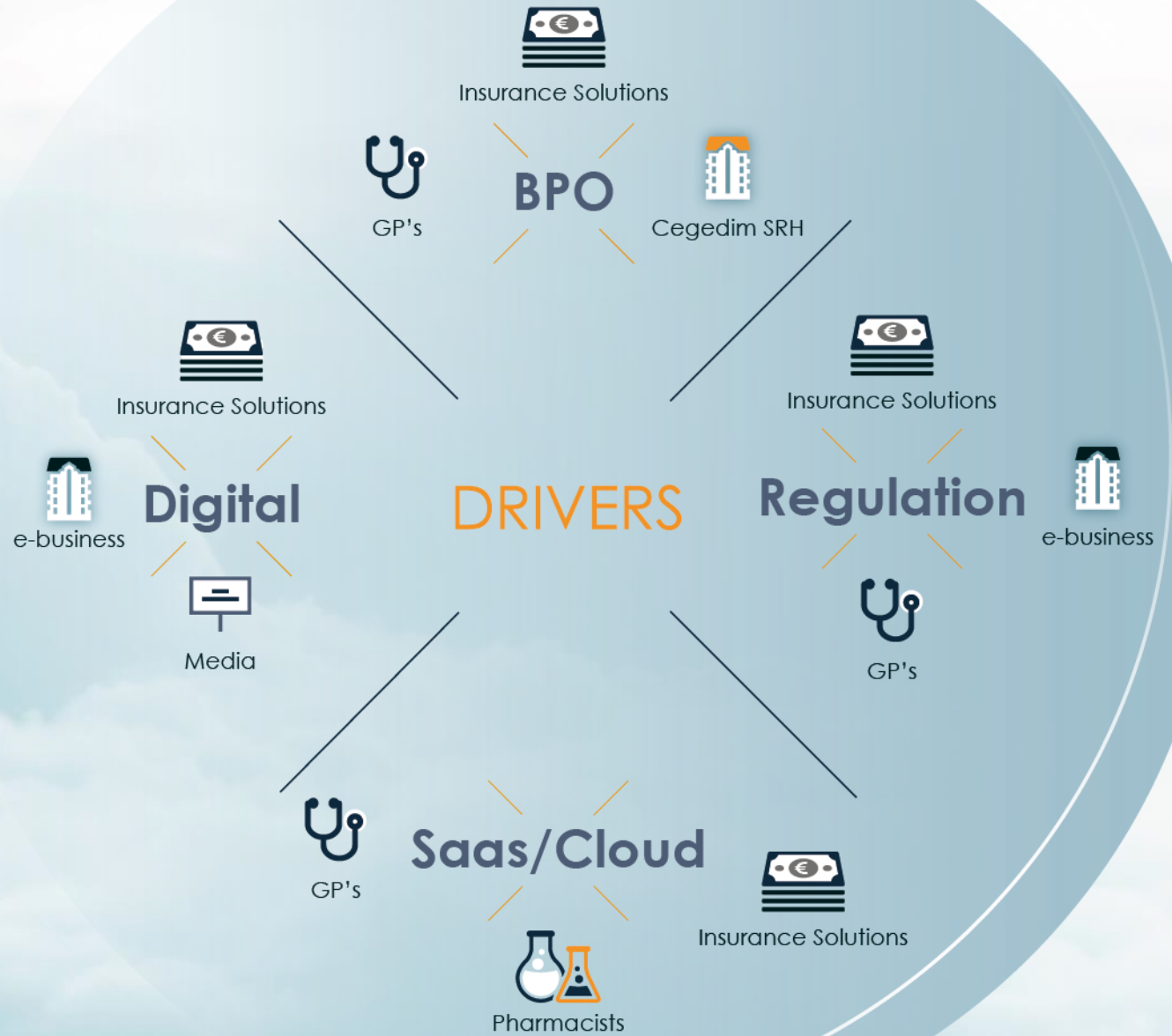


**New local management team**



**Building employee engagement** Recrut'lab

**4 Growth  
Engines**





## Cegedim's Transformation



We have a **clear vision** for **our future** and are **strongly positioned** in **key** global **market**

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Our **playbook** is **underway** and starting to **deliver benefits**

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The **business model transformation** that began in fall 2015 is starting to **pay off**



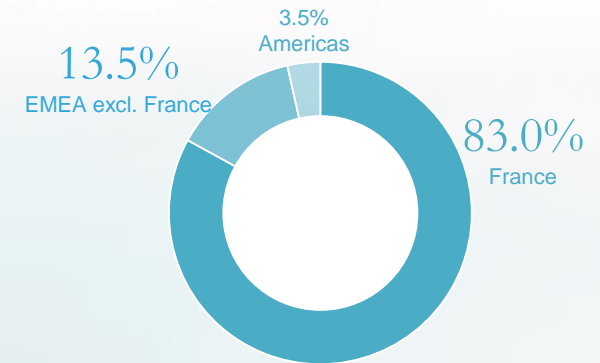
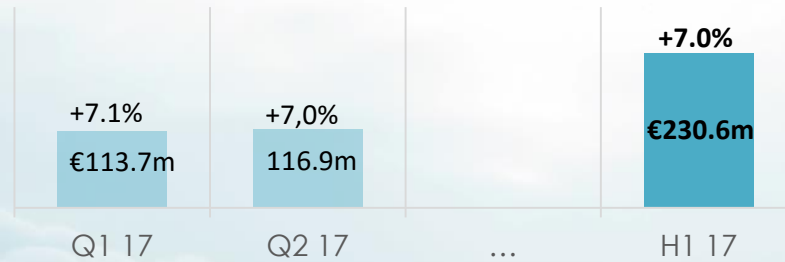
CegeDIM Analysis of Results  
HY 2017 Earnings



# HY 2017 Results

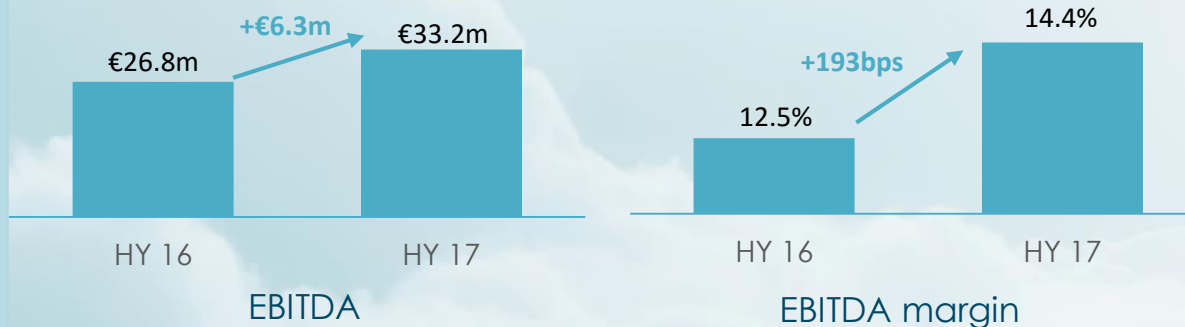
## Group Revenue

**€230.6m**  
**+7.0%** reported  
**+6.4%** L-f-L



## Group EBITDA

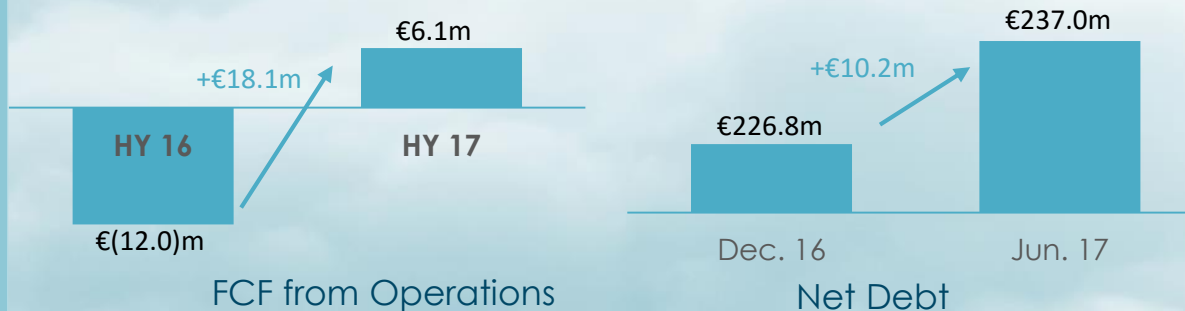
**€33.2m**  
**+23.6%** reported



The business model transformation initiated in fall 2015 is beginning to pay off

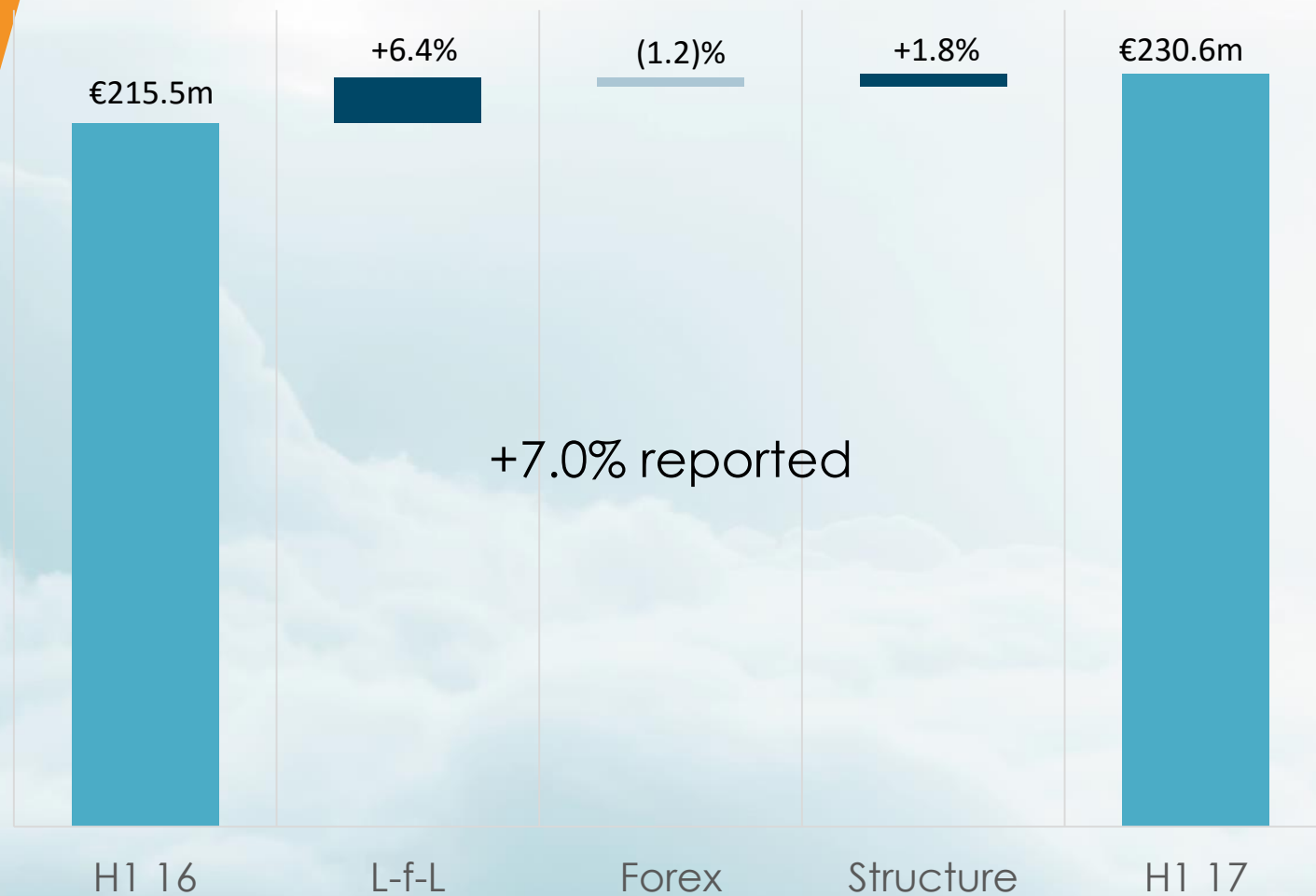
## FCF & Net Debt

**€6.1m**  
**FCF** from operations  
**€237.0m**  
**Net debt**



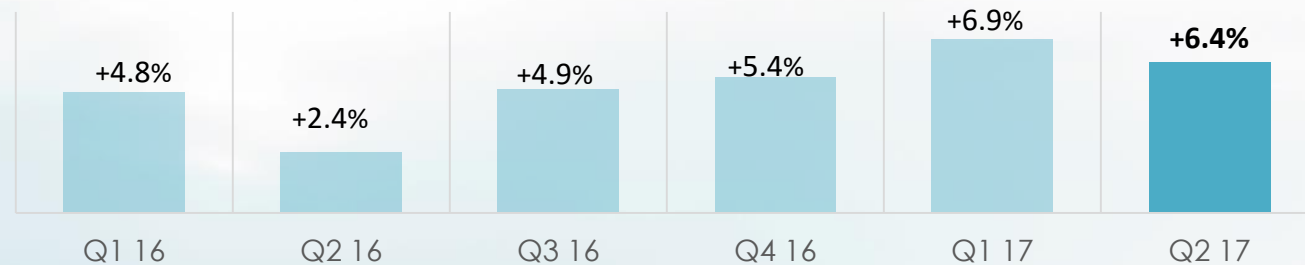
FCF from operations move positive

**HY17**  
**Revenue**  
**Growth**

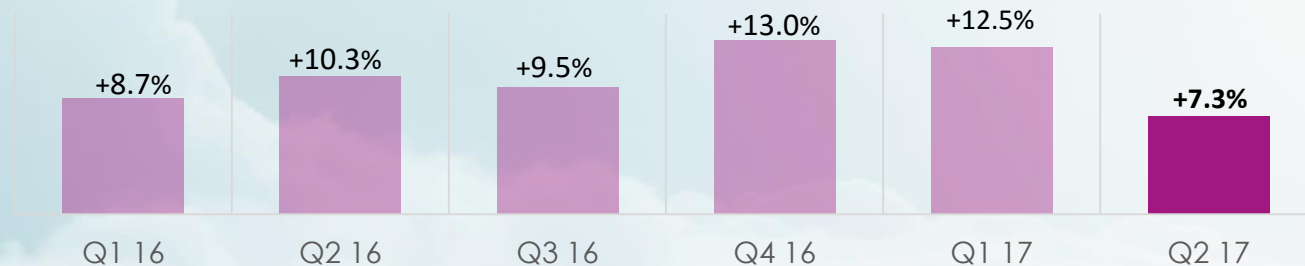


**Revenue**  
**Quarterly**  
**Organic**  
**Growth**

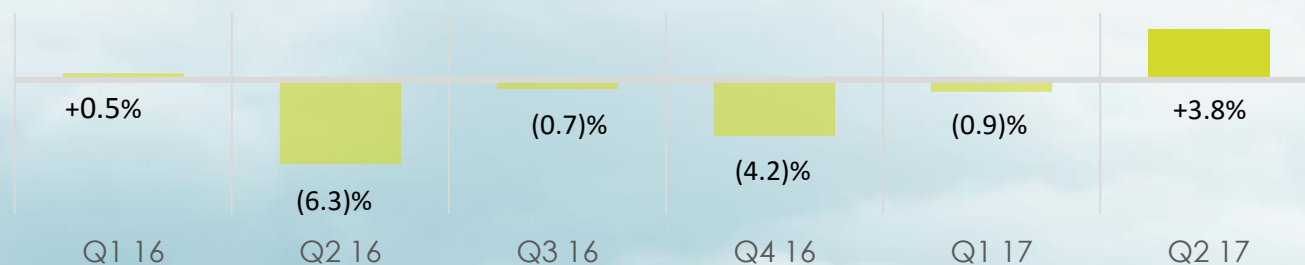
**Group Revenue**



**Health Insurance, HR & e-services Revenue**

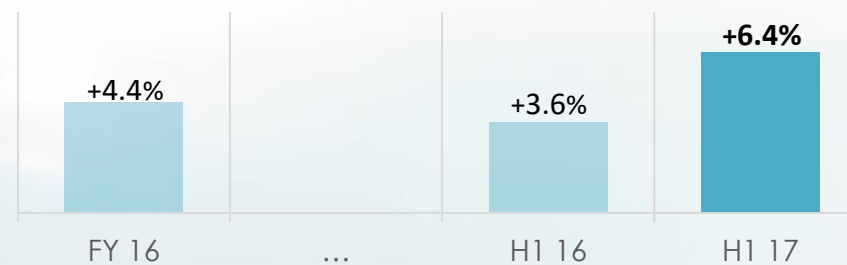


**Healthcare Professionals Revenue**

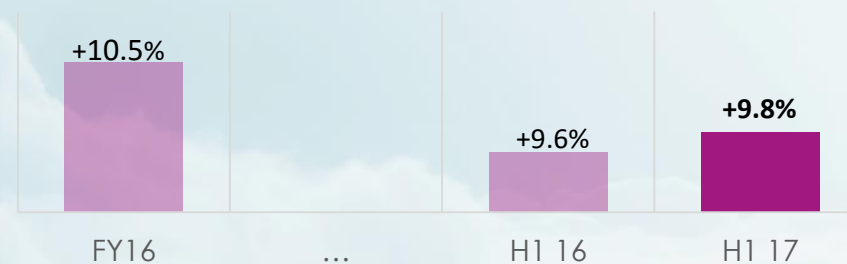


**Revenue**  
**Half Year**  
**Organic**  
**Growth**

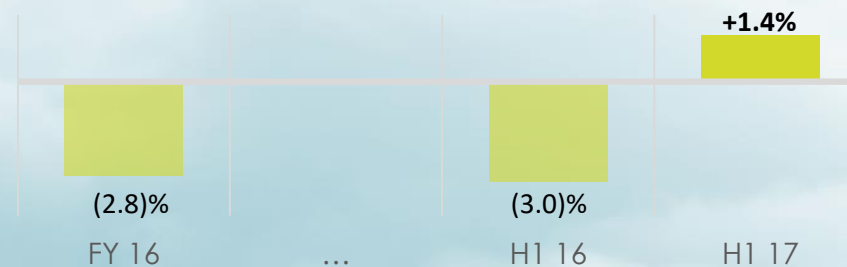
**Group Revenue**



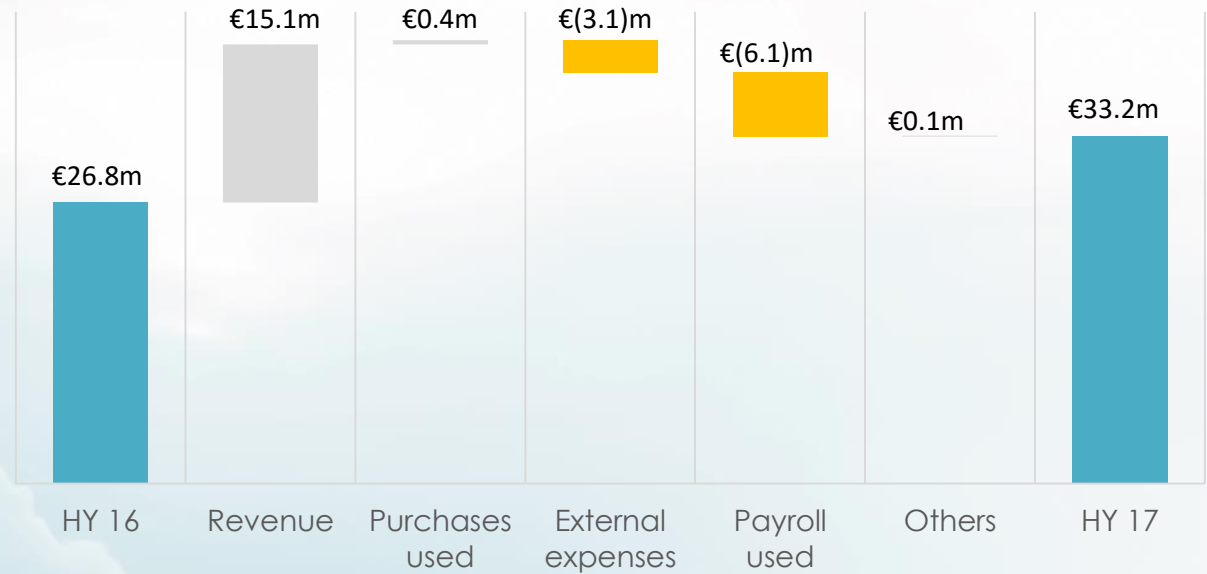
**Health Insurance, HR & e-services Revenue**



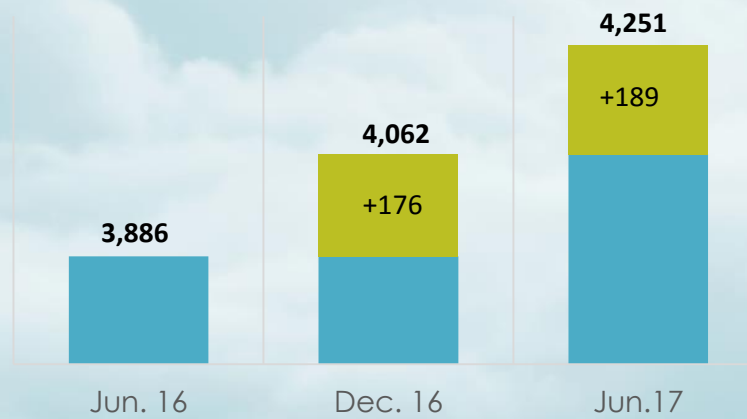
**Healthcare Professionals Revenue**



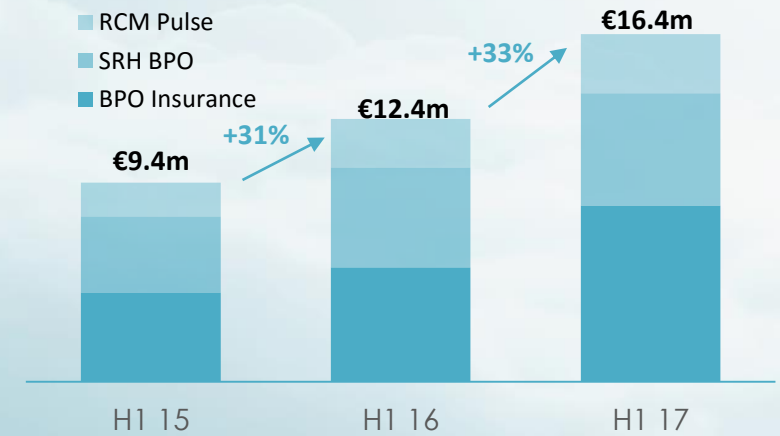
**HY 17**  
**EBITDA Trend**



**EBITDA Trend**



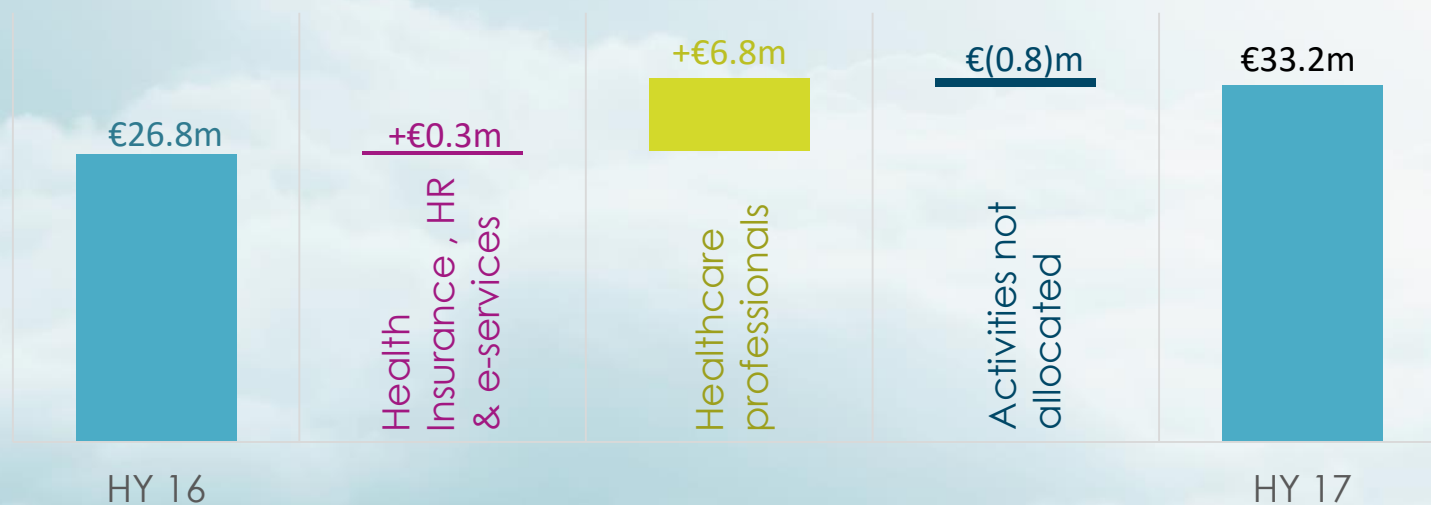
**Workforce on long term contract**



**BPO Revenue Trend**

## EBITDA Trend by Division

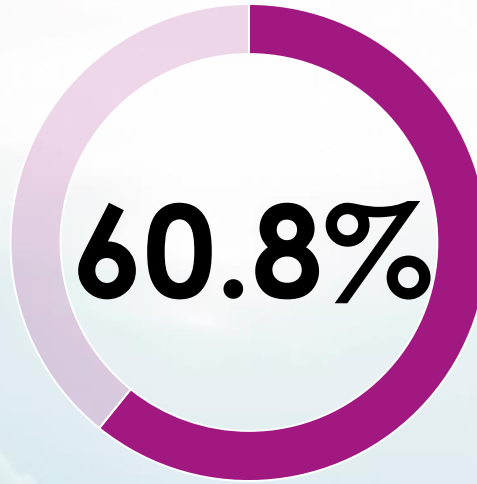
In € million	HY 17 EBITDA	Reported Change	EBITDA Margin	Change
Health Insurance, HR & e-services	18.1	+1.4%	12.9%	(142)bps
Healthcare Professionals	15.4	+80.2%	17.4%	+784bps
Activities not allocated	(0.3)	n.m.	(15.4)%	n.m.
<b>Group</b>	<b>(33.2)</b>	<b>+23.6%</b>	<b>14.4%</b>	<b>+193bps</b>



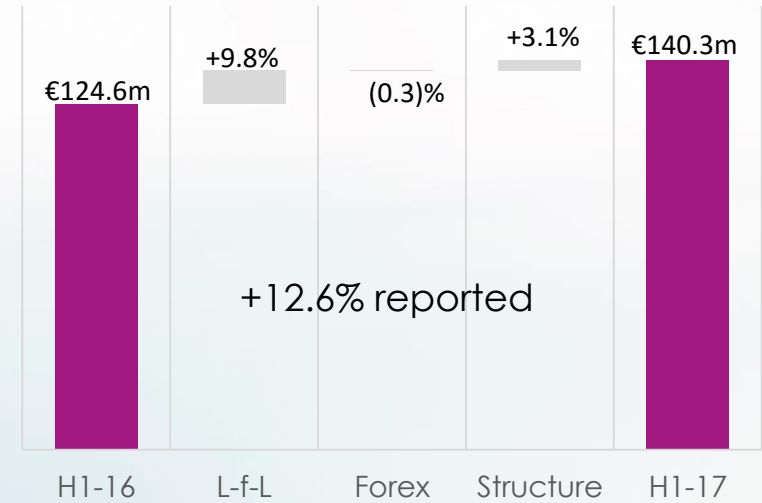
**HY EBITDA Bridge**



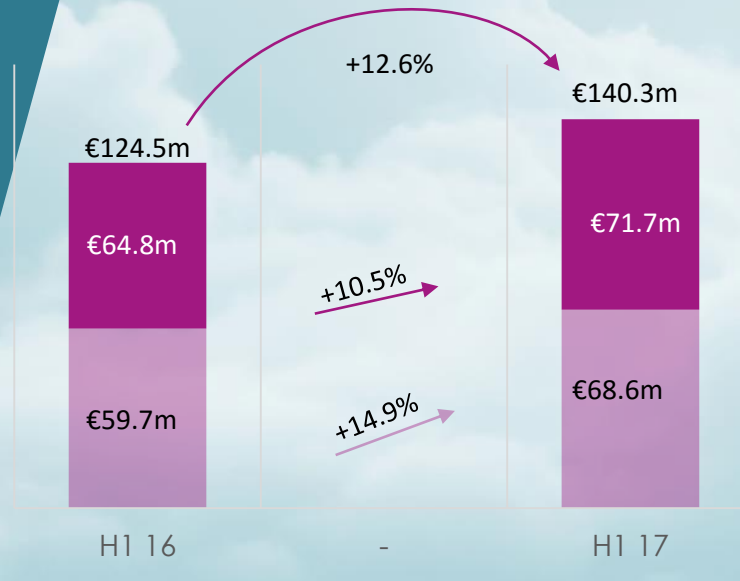
**Health  
Insurance, HR  
& e-services  
Revenue**



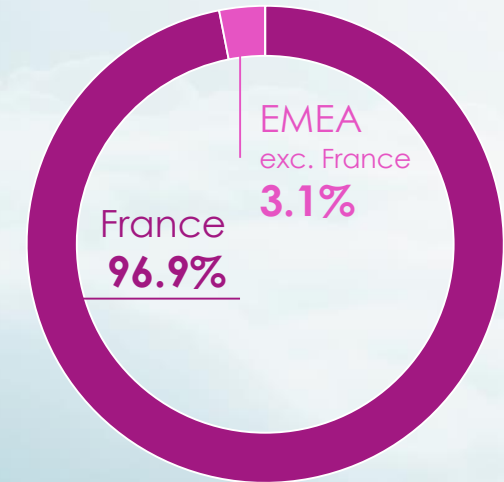
% of H1-17 Consolidated revenue



H1 17 Revenue growth



Quarterly reported revenue growth



Revenue breakdown by geography

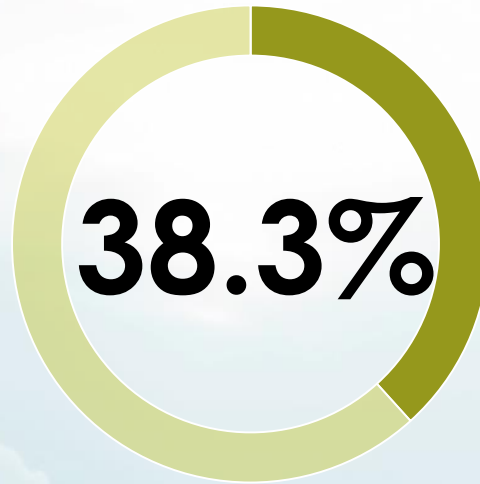
**Health  
Insurance, HR  
& e-services  
P&L**

In € million	HY 16	HY 17	% change
<b>Revenue</b>	<b>124.6</b>	<b>140.3</b>	<b>+12.6%</b>
<b>EBITDA</b>	<b>17.9</b>	<b>18.1</b>	<b>1.4%</b>
Margin	14.3%	12.9%	(142)bps
D&A	(7.3)	<b>(9.3)</b>	+28.0%
<b>EBIT before special items</b>	<b>10.6</b>	<b>8.8</b>	<b>(16.8)%</b>
Margin	8.5%	6.3%	(222)bps
Special items	(0.3)	<b>(0.7)</b>	+160.6%

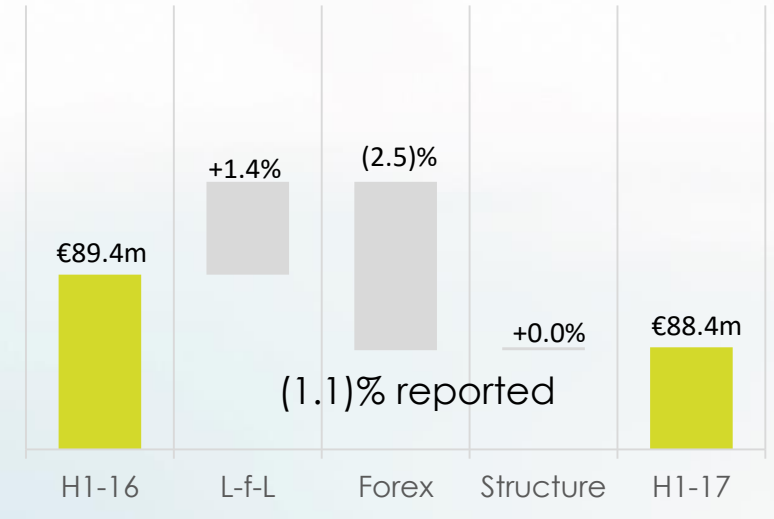
This significant revenue growth, combined with slight EBITDA growth, was chiefly attributable to:

- **Cegedim SRH:** Double-digit growth. New clients is temporarily impeding margin improvement.
- **Cegedim e-business:** Double-digit revenue growth and strong improvement in profit margin.
- **BPO activities for health insurers:** Double-digit growth in revenue with negative short-term effect on profitability.
- **Third-party payment processing services:** Positive trends in revenue. Developing at hospitals is having a negative short-term effect on profitability.
- **Software and services for the personal insurance market:** Modest growth, despite the impact of switching to the SaaS format. However negative short-term effect on the profitability.

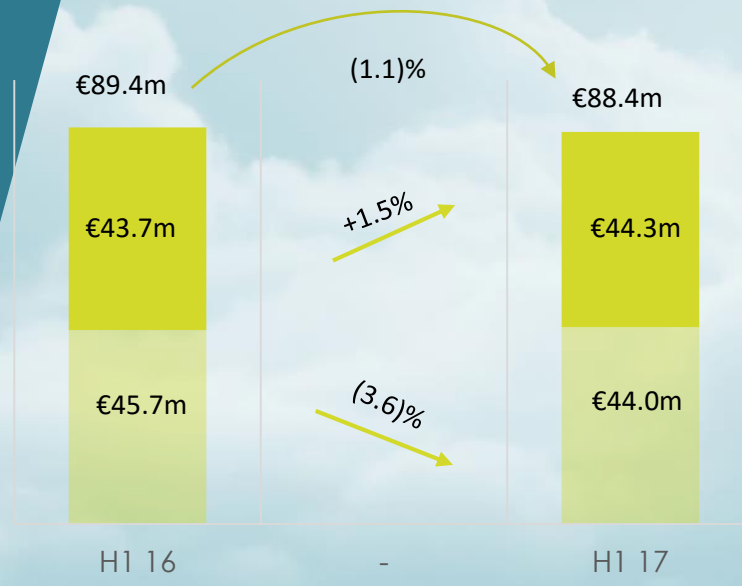
**Healthcare  
 Professionals  
 Revenue**



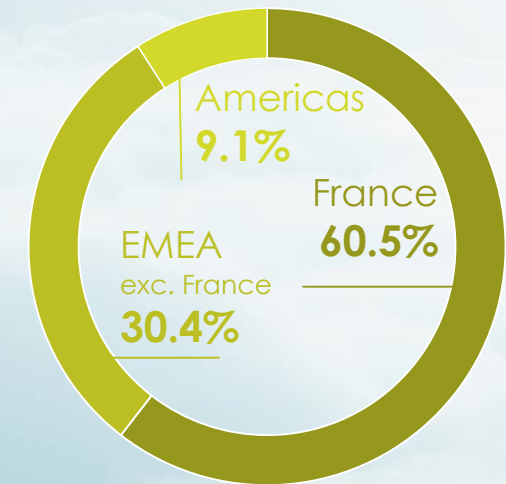
**% of H1-17 Consolidated revenue**



**H1 Revenue growth**



**Quarterly reported revenue growth**



**Revenue breakdown by geography**

**Healthcare  
 Professionals  
 P&L**

In € million	HY 16	HY 17	% change
<b>Revenue</b>	<b>89.4</b>	<b>88.4</b>	<b>(1.1)%</b>
<b>EBITDA</b>	<b>8.5</b>	<b>15.4</b>	<b>80.2%</b>
Margin	9.5%	17.4%	784bps
D&A	(6.5)	(7.4)	+13.5%
<b>EBIT before special items</b>	<b>2.0</b>	<b>8.0</b>	<b>293.0%</b>
Margin	2.3%	9.0%	677bps
Special items	(3.0)	(9.7)	+225.9%

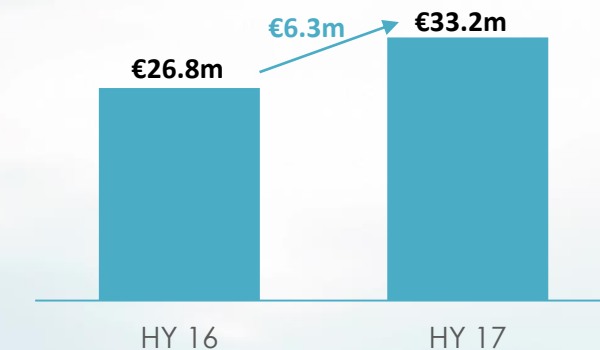
This robust first-half performance was chiefly attributable to:

- **Pulse doctor computerization and RCM:** Double-digit growth revenue growth, EBITDA grew substantially owing to a favorable comparison.
- **Computerization of doctors in France, Belgium and Spain:** Robust revenue and margin growth.
- **Cegelease:** Revenue and profit increase.
- **Computerizing nurses, physical therapists in France ...:** Good revenues increase.
- **Computerization of pharmacists in France:** Renewed revenue growth in Q2 and encouraging EBITDA trend.

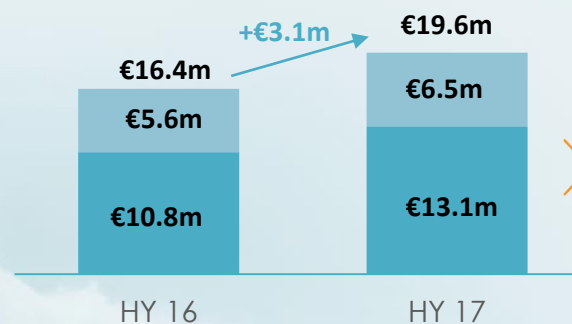
This performance was partly offset by a decline in revenue and profitability for the computerization of doctors in the UK pending the release of a full SaaS version of that product.

**Comments**

From **EBITDA** to  
**EBIT** before special items

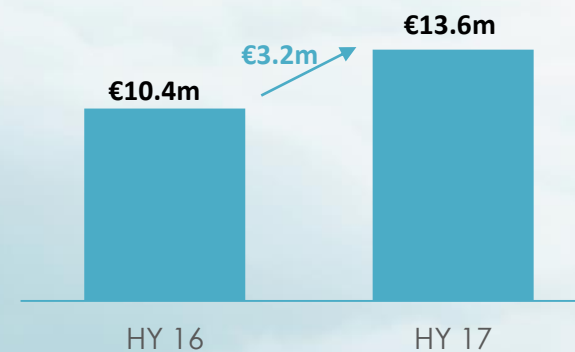


**EBITDA Trend**



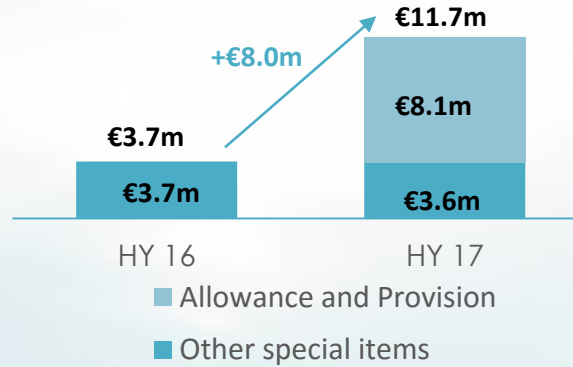
Most of the increase was due to the amortization of €2.1 million of R&D expenses

**Depreciation expenses**



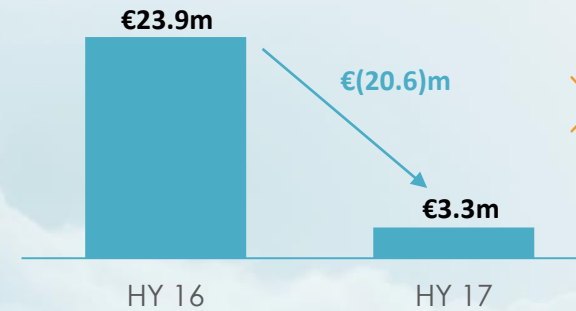
**EBIT before special items**

Between  
**EBIT** before special items  
 and  
**Net Earnings**



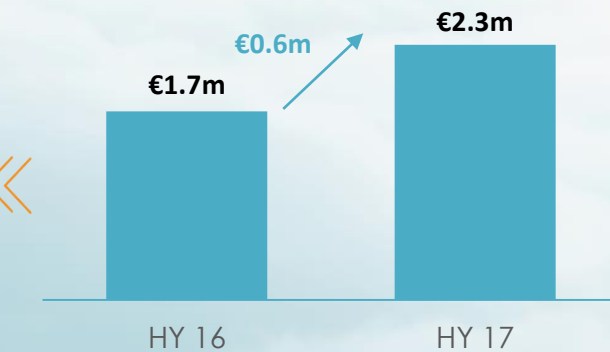
Without the accelerated amortization, exceptional items at June 2017 would have been virtually the same as at June 2016

**Special Items**



Positive impact of 2016 debt restructuring

**Cost of net debt**



Increase was due to better earnings at French subsidiaries whose results are consolidated with those of Cegedim for tax purposes

**Taxes**

**HY 17**  
**P&L**

In € million	HY 16	HY 17	% change
<b>Revenue</b>	<b>215.5</b>	<b>230.6</b>	<b>+7.0%</b>
<b>EBITDA</b>	<b>26.8</b>	<b>33.2</b>	<b>+23.6%</b>
Margin	12.5%	14.4%	+193bps
D&A	(16.4)	(19.6)	+19.1%
<b>EBIT before special items</b>	<b>10.4</b>	<b>13.6</b>	<b>+30.6%</b>
Margin	4.8%	5.9%	+107bps
Special items	(3.7)	(11.7)	+214.1%
<b>EBIT</b>	<b>6.7</b>	<b>1.9</b>	<b>(72.0)%</b>
Margin	3.1%	0.8%	(228)bps
Cost of net financial debt	(23.9)	(3.3)	(86.3)%
Total Taxes	(1.7)	(2.3)	+36.8%
<b>Earnings from continuing activities</b>	<b>(19.0)</b>	<b>(3.7)</b>	<b>+80.2%</b>
Earnings from discontinuing activities	(0.8)	-	n.m.
Net earnings	(19.8)	(3.8)	+81.0%
<b>Earnings before special items per share</b>	<b>(1.1)</b>	<b>(0.0)</b>	<b>+101.9%</b>
<b>Earnings per share</b>	<b>(1.4)</b>	<b>(0.3)</b>	<b>+81.0%</b>

Free Cash Flow from Operations

In € million	HY 16	HY 17
<b>Cash flow before taxes and interests</b>	<b>29.2</b>	<b>34.1</b>
Change in working capital requirement	(10.6)	+3.8
Corporate tax paid	(2.3)	(2.2)
<b>Net cash flow from operating activities</b>	<b>16.3</b>	<b>35.6</b>
Acquisition of intangible assets	(21.0)	(23.9)
Acquisition of tangible assets	(7.8)	(5.8)
Disposals of tangible and intangible assets	0.5	0.2
<b>Free cash flow from operations</b>	<b>(12.0)</b>	<b>6.1</b>

HY 17  
FCF from  
opérations  
&  
Net Debt  
Bridge

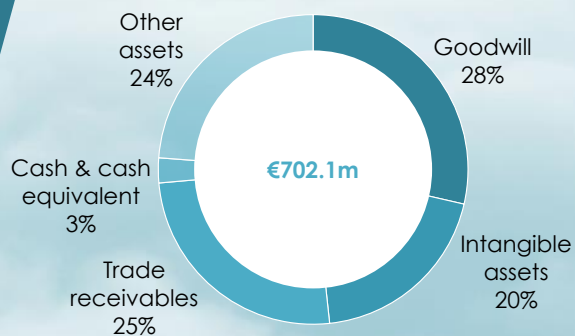




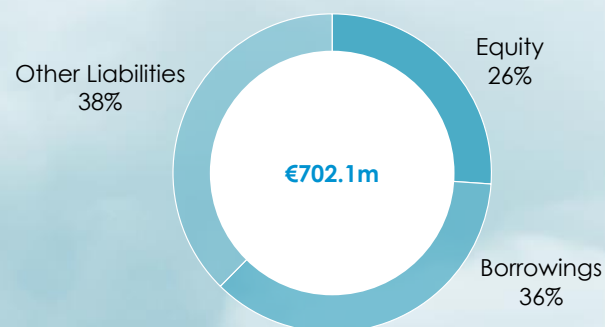
**HY 17**  
**Balance**  
**Sheet**

In € million	Dec. 16	Jun.17
<b>Assets</b>		
Goodwill	199.0	201.0
Intangible assets	139.4	138.2
Tangible assets	32.2	33.7
Financial assets	8.7	19.7
Other non-current assets	68.0	67.8
Cash & Cash equivalent	20.8	18.1
Trade receivables, short term portion	167.4	147.9
Other current assets	94.4	93.9
<b>Total assets</b>	<b>709.1</b>	<b>702.1</b>
<b>Shareholders equity &amp; liabilities</b>		
Shareholder equity	188.9	183.6
Long-term financial debt	244.0	251.0
Other non-current liabilities	45.1	46.9
Short-term financial debt	3.6	4.1
Other current liabilities	227.4	216.6
<b>Total equity and Liabilities</b>	<b>709.1</b>	<b>702.1</b>

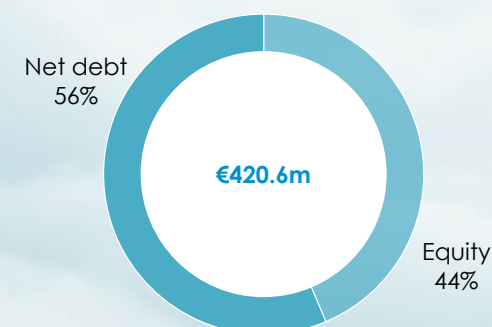
Assets



Liabilities



Capital employed



## The business model transformation is well under way

- Growth momentum is expected to continue and lead to improving profitability in the future
- We expect to see the full impact of the Business model transformation in 2018

- 
- H1 revenue growth was stronger than our current guidance
  - We expect FY 2017 revenue **to be slightly above** our previously announced guidance

>+6%

### FY 2017 Revenue

L-f-I growth

As of September 21, 2017

- Cegedim **is reiterating** its full-year outlook for EBITDA

€66m to €72m

### FY 2017 EBITDA

As of July 27, 2017

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**The above outlook does not reflect the potential divestments of Cegelease and Eurofarmat**  
**The Group does not anticipate significant acquisition in 2017**

These projections are publicly disclosed on July 27, 2017. The fact that Cegedim include these projections in this presentation should not be taken to mean that these projections continue to be our projections as of any subsequent date. Please refer to point 3.7 "Outlook" in our 2016 Registration Document

## Potential impact of Brexit

12.7%

UK revenue part of  
consolidated Group  
**revenue**

14.8%

UK EBIT part of  
consolidated  
Group **EBIT**

- **Cegedim operates in the UK in local currency**, as it does in all the countries where it operates
- **No major European health program at work in the UK**



Thus, the impact on the consolidated Group EBIT margin **should be marginal**



Portfolio Management



Business Model Transformation



Investing in Innovation



Results



Profitable Growth

without Business Model Transformation



2015

2018



# Q&A Session





We welcome your questions and comments

Jan Eryk Umiastowski

Chief Investment Officer – Head of Investor Relations

janeryk.umiastowski@cegedim.com  
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