

Quarterly Financial Information as of March 31, 2014
IFRS - Regulated Information - Not Audited

Cegedim: Q1 operating income from recurring operations nearly stable

- Significant improvement in the “*CRM and strategic data*” division margin
- Material drop in the cost of financial debt
- 2014 outlook unchanged

Paris, May 27, 2014 – [Cegedim](#), a global technology and services company specializing in the healthcare field, posted consolidated first quarter 2014 revenues of €204.0 million, down 4.1% on a reported basis and 2.8% like for like compared with the same period in 2013.

The revenue trend reflects near stability at the *CRM and strategic data* division, a decline at the *Healthcare professionals* division, and growth at the *Insurance and services* division.

Operating income from recurring operations came to €2.3 million, down €0.5 million compared with Q1 2013, and the margin dropped from 1.3% to 1.1%. Q1 operating income from recurring operations typically only represents around 3% of the full-year operating result.

The near-stability in operating income from recurring operations is due to the fact that declines at the *Healthcare professionals* and *Insurance and services* divisions were partly offset by a substantial improvement at the *CRM and strategic data* division.

Operating expenses, defined as revenues minus EBITDA, fell by 3.8% on a reported basis and by 2.2% at constant exchange rates. Note that personnel costs were stable at constant exchange rates.

With conditions still in flux, [Cegedim](#) continues to prioritize debt reduction and is still pursuing efforts to improve its operating leverage.

• Simplified income statement

	Q1 2014		Q1 2013		Δ
	€m	%	€m	%	
Revenue	204.0	100%	212.9	100%	(4.1%)
EBITDA	18.0	8.8%	19.5	9.1%	(7.6%)
Depreciation	(15.7)		(16.7)		(6.0%)
Operating income from recurring operations	2.3	1.1%	2.8	1.3%	(17.2%)
Exceptional operating income / expenses	(1.3)		(1.1)		14.2%
Operating income	1.0	0.5%	1.7	0.8%	(38.1%)
Cost of net financial debt	9.9		21.6		(54.2%)
Tax expenses	0.5		(4.1)		112.5%
Consolidated profit	(9.0)	(4.4%)	(15.4)	(7.2%)	(41.7%)
Profit attributable to the owners of the parent	(9.0)	(4.4%)	(15.4)	(7.2%)	41.7%

Cegedim generated consolidated first quarter 2014 revenues of €204.0 million, down 4.1% on a reported basis and 2.8% like for like compared with the same period a year earlier. Acquisitions had a positive impact of 0.1%, and currencies provided a negative impact of 1.5%.

Operating expenses, defined as purchases used, external costs and payroll costs, fell by €4.8 million as a result of ongoing cost-control measures. Purchases used fell by €3.3 million, reflecting in part a lower level of activity. External costs were nearly unchanged. Payroll costs fell by €2.2 million but were stable at constant exchange rates.

EBITDA fell by €1.5 million to €18.0 million, and the margin dipped from 9.1% in Q1 2013 to 8.8% in Q1 2014.

This slight drop in EBITDA was attributable to the *Healthcare professionals* and *Insurance and services* divisions, partly offset by significant EBITDA growth at the *CRM and strategic data* division.

Depreciation expenses decreased by €1 million, and non-recurrent income and expenses, by €0.2 million. Thus, operating income from recurring operations came to €1.0 million, down €0.6 million compared to the first quarter of 2013.

The cost of financial debt decreased by €11.7 million, or 54.2%, from €21.6 million at March 31, 2013, to €9.9 million at March 31, 2014. This decrease reflects the exceptional payment in March 2013 of the €8.9 million premium on the partial buyback of the 2015 bond.

Tax expense went from a credit of €4.1 million to a charge of €0.5 million due to the non-capitalization of deferred tax on loss-making companies.

Consolidated net result, Group share, was a loss of €9.0 million compared with a €15.4 million loss a year earlier. The loss per share from recurring operations was cut nearly in half from €1.2 in the first quarter of 2013 to €0.7 in the first quarter of 2014.

Analysis of business trends by division

- **Key figures by division**

in € million	Revenue		EBIT from recurring operations		EBITDA	
	1 st Quarter		1 st Quarter		1 st Quarter	
	2014	2013	2014	2013	2014	2013
CRM and strategic data	98.6	103.6	(3.5)	(6.2)	3.4	1.0
Healthcare professionals	67.3	72.0	4.8	7.2	10.0	13.1
Insurance and services	38.0	37.2	3.0	3.8	6.3	7.2
Reconciliation	0.2	0.1	(2.0)	(2.1)	(1.7)	(1.8)
Cegedim	204.0	212.9	2.3	2.8	18.0	19.5

- **CRM and Strategic Data**

In the first quarter of 2014, the division's revenues came to €98.6 million, down €5.0 million or 4.9% on a reported basis. Currencies had a negative impact of 3.3%. Like-for-like revenues fell 1.6% over the period.

Operating result from recurring operations was a loss of €3.5 million, compared with a €6.2 million loss a year earlier, a €2.7 million improvement. The margin came to (3.5)% vs. (6.0)% a year earlier.

Even though revenues dropped by €5.0 million, operating result from recurring operations improved by €2.7 million as a result of a favorable product mix evolution, which was notably helped by the growth in products and services linked to the *OneKey* database. The market research activity did markedly better over the period.

Cegedim continues to adjust its product range and its invoicing model in response to the fundamental shifts in the world pharmaceutical industry.

- **Healthcare Professionals**

In the first quarter of 2014, the division's revenues amounted to €67.3 million, down €4.6 million or 6.5% on a reported basis. The *Webstar* acquisition and currencies had positive impacts of respectively 0.3% and 0.4%. Like-for-like revenues were down 7.2% over the period.

Operating income from recurring operations was €4.8 million, down €2.4 million relative to the same period in 2013. The margin came to 7.1%, compared with 10.0% a year ago.

The drop in profitability was chiefly attributable to weaker sales of pharmacist software in France as a result of the slowdown of pharmacists' investments and hesitancy ahead of the upcoming release of a new line of software. Doctor computerization in the UK was also softer as a result of a demanding comparison caused by the exceptional level of activities stemming from the NHS in 2013.

- **Insurance and Services**

The division's first-quarter 2014 revenues came to €38.0 million, up €0.8 million or 2.2% both on a reported basis and like for like. Currencies had virtually no impact and there were no acquisitions or divestments.

Operating income from recurring operations came to €3.0 million, down €0.9 million year on year. The margin came to 7.8%, compared with 10.3% a year ago.

Operating income from recurring operations was virtually stable because a temporary decline in the profitability of the *Cegedim Assurances* business stemming from the addition of new clients, partly offset by continued improvement in the profitability of *Cegedim SRH*.

Financial resources

Cegedim's total consolidated balance sheet at March 31, 2014, was €1,192 million, a €29.0 million decrease compared with the end of 2013 attributable chiefly to a €29.7 million drop in short-term client receivables. Goodwill on acquisition was stable at €529.1 million, compared with €528.5 million three months earlier, and represents 44.4% of total assets.

Cash and cash equivalents decreased by €8.3 million to €58.7 million, mainly due to the payment of the 2015 bond semi-annual coupon.

Shareholders' equity fell 2.5% to €337.2 million and represents 28.3% of total balance sheet.

Net debt came to €463.4 million at the end of Q1 2014, nearly the same level as at end-2013 (€462.0 million).

Before the cost of net financial debt and taxes, operating cash flow was €17.0 million at the end of the first quarter of 2014, a slight decrease of €1.8 million increase compared with the first quarter of 2013. Gearing inched upward at end-March 2014, to 1.4 vs. 1.3 at end-December 2013.

Period highlights

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.

Significant post-closing transactions and events

On April 7, 2014, Cegedim launched an additional bond offering of €100 million, upsized to €125 million on the issue date, of its 6.75% Senior Notes due 2020. Apart from the date and price of issuance (105.75% plus interest accrued since April 1, 2014), the new bonds are identical to the €300 million of 6.75% Senior Notes due in 2020 that the Group issued on March 20, 2013.

It should be noted that Cegedim was able to issue at 5.60% compared to 6.75% one year earlier.

The proceeds from the offering were used, among other things, to finance the redemption of €105,950,000 of outstanding bonds due 2015 (at a price of 108.102%), pay the premium and any related fees, and repay the bank overdraft facilities.

As a result, the Group's current debt structure is as follows:

- €62.6 million of 7.00% bonds due July 27, 2015;
- €425 million of 6.75% bonds due April 1, 2020;
- €80 million of revolving credit due June 10, 2016, undrawn as of March 31, 2014;
- Overdraft facilities.

When the operation was announced on April 7, 2014, rating agency Standard and Poor's confirmed its B+ rating with a stable outlook for Cegedim and its two bonds.

On April 15, 2014, Cegedim completed the acquisition of French company SoCall, based in Sèvres. SoCall sets up and operates medical administration tasks and manned-lines for practices of healthcare professionals. The company manages incoming patient calls, messages, scheduling and records of past consultations for around 50 practices. Financed by internal financing, these activities represent annual revenues of less than €0.3 million and will be part of the consolidation scope of Cegedim Group from Q2 2014.

Apart from the items cited above, 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.

Outlook

In a changing environment, *Cegedim* continues to prioritize debt reduction and is striving to improve its operational leverage.

For 2014, the Group expects at least stability in its revenues and operating margin.

Financial calendar

The Group will hold a conference call on May 27, 2014, at 6:15 pm in English (Paris time). The call will be hosted by [Jan Eryk Umiastowski, Cegedim Chief Investment Officer and Head of Investor Relations](#).

A presentation of Cegedim 2014 Q1 Results will also be available on the website:

<http://www.cegedim.com/finance/documentation/Pages/presentations.aspx>

Contact numbers:	France: +33 1 70 77 09 44	<u>No Access code required</u>
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June 10, 2014 at 10:00

- Shareholders meeting

July 29, 2014 (after the stock market closes)

- Q2 2014 Revenue announcement

September 18, 2014 (after the stock market closes)

- H1 2014 Results announcement

October 28, 2014 (after the stock market closes)

- Q3 2014 Revenue announcement

November 27, 2014 (after the stock market closes)

- Q3 2014 Results announcement

Additional Information

The Audit Committee met on May 23th, 2014. The Board of Directors met on May 27th, 2014, to review Q1 2014 consolidated financial statements.

The quarterly financial report, including management discussion and analysis, is available in the Finance section of Cegedim's website:

- In French:
<http://www.cegedim.fr/finance/documentation/Pages/rapports.aspx>
- In English:
<http://www.cegedim.com/finance/documentation/Pages/reports.aspx>

This information is also available on *Cegedim IR*, the Group's financial communications app for smartphones and iOS and Android tablets. To download the app, visit: <http://www.cegedim.fr/finance/profil/Pages/CegedimIR.aspx>.

Appendices

• Balance sheet

Assets

<i>In thousands of euros</i>	<i>03/31/2014</i>	<i>12/31/2013</i>
Goodwill on acquisition	529,143	528,465
Development costs	22,719	16,791
Other intangible fixed assets	204,151	207,097
Intangible fixed assets	226,870	223,888
Property	389	389
Buildings	4,551	4,764
Other tangible fixed assets	27,079	27,110
Construction work in progress	121	45
Tangible fixed assets	32,140	32,307
Equity investments	704	704
Loans	2,464	2,464
Other long-term investments	11,153	10,793
Long-term investments - excluding equity shares in equity method companies	14,321	13,960
Equity shares in equity method companies	9,041	8,599
Government - Deferred tax	43,373	42,121
Accounts receivable: Long-term portion	14,229	14,379
Other receivables: Long-term portion	795	894
Non-current assets	869,912	864,615
Services in progress	186	186
Goods	11,567	10,428
Advances and deposits received on orders	810	428
Accounts receivable: Short-term portion	200,295	229,958
Other receivables: Short-term portion	34,026	31,972
Cash equivalents	3,795	3,515
Cash	54,900	63,458
Prepaid expenses	16,687	16,618
Current assets	322,267	356,564
Total assets	1,192,179	1,221,179

Liabilities

<i>In thousands of euros</i>	<i>03/31/2014</i>	<i>12/31/2013</i>
Share capital	13,337	13,337
Issue premium	185,562	185,562
Group reserves	155,695	214,419
Group exchange reserves	(238)	(238)
Group exchange gains/losses	(8,539)	(8,996)
Group earnings	(8,971)	(58,634)
Shareholders' equity, Group share	336,846	345,449
Minority interests (reserves)	331	419
Minority interests (earnings)	8	-43
Minority interests	339	376
Shareholders' equity	337,185	345,825
Long-term financial liabilities	513,700	513,650
Long-term financial instruments	9,017	8,905
Deferred tax liabilities	9,781	9,513
Non-current provisions	28,726	27,501
Other non-current liabilities	2,315	2,421
Non-current liabilities	563,539	561,988
Short-term financial liabilities	17,513	24,564
Short-term financial instruments	7	7
Accounts payable and related accounts	87,505	108,269
Tax and social liabilities	120,223	124,764
Provisions	4,541	5,840
Other current liabilities	61,665	49,922
Current liabilities	291,454	313,365
Total Liabilities	1,192,179	1,221,179

- Income statement

<i>In thousands of euros</i>	<i>03/31/2014</i>	<i>03/31/2013</i>
Revenue	204,050	212,865
Other operating activities revenue	-	-
Capitalized production	12,126	10,632
Purchases used	(24,668)	(27,975)
External expenses	(57,590)	(56,882)
Taxes	(3,774)	(3,849)
Payroll costs	(110,865)	(113,061)
Allocations to and reversals of provisions	(1,217)	(2,356)
Change in inventories of products in progress and finished products	0	92
Other operating income and expenses	(77)	0
EBITDA	17,984	19,467
Depreciation expenses	(15,701)	(16,709)
Operating income from recurring operations	2,283	2,758
Non-recurrent income and expenses	(1,258)	(1,101)
Other exceptional operating income and expenses	(1,258)	(1,101)
Operating income	1,025	1,657
Income from cash and cash equivalents	292	116
Gross cost of financial debt	(9,320)	(18,571)
Other financial income and expenses	(880)	(3,155)
Cost of net financial debt	(9,908)	(21,610)
Income taxes	(2,101)	997
Deferred taxes	1,586	3,131
Total taxes	(515)	4,128
Share of profit (loss) for the period of equity method companies	434	457
Profit (loss) for the period before earnings from activities that have been discontinued or are being sold	(8,963)	(15,369)
Profit (loss) for the period net of income tax from activities that have been discontinued or are being sold	-	-
Consolidated profit (loss) for the period	(8,963)	(15,369)
Attributable to owners of the parent (A)	(8,971)	(15,379)
Minority interests	8	10
Average number of shares excluding treasury stock (B)	13,942,008	13,968,793
Current Earnings Per Share (in euros)	(0.7)	(1.2)
Earnings Per Share (in euros) (A/B)	(0.6)	(1.1)
Dilutive instruments	na	na
Earning for recurring operation per share (in euros)	(0.6)	(1.1)

• Consolidated cash flow statement

<i>In thousands of euros</i>	<i>03/31/2014</i>	<i>12/31/2013</i>	<i>03/31/2013</i>
Consolidated profit (loss) for the period	(8,963)	(58,677)	(15,369)
Share of earnings from equity method companies	(434)	(1,275)	(457)
Depreciation and provisions ⁽¹⁾	15,841	127,421	17,137
Capital gains or losses on disposals	108	(397)	39
Cash flow after cost of net financial debt and taxes	6,553	67,072	1,350
Cost of net financial debt.	9,908	60,060	21,610
Tax expenses	515	25,483	(4,127)
Operating cash flow before cost of net financial debt and taxes	16,975	152,615	18,833
Tax paid	(5,981)	(12,451)	(122)
Change in working capital requirements for operations: surplus	-	-	-
Change in working capital requirements for operations: requirement	17,415	9,424	16,521
Cash flow generated from operating activities after tax paid and change in working capital requirements (A)	28,409	149,588	35,232
Acquisitions of intangible assets	(12,955)	(51,051)	(11,938)
Acquisitions of tangible assets	(5,441)	(22,340)	(5,989)
Acquisitions of long-term investments	(359)	(2,914)	(400)
Disposals of tangible and intangible assets	140	4,674	371
Disposals of long-term investments	-	-	-
Impact of changes in consolidation scope	(317)	(1,697)	(106)
Dividends received from equity method companies	16	884	16
Net cash flows generated by investment operations (B)	(18,917)	(72,444)	(18,046)
Dividends paid to parent company shareholders	-	-	-
Dividends paid to the minority interests of consolidated companies	-	(94)	-
Capital increase through cash contribution	-	-	-
Loans issued	-	300,000	300,000
Loans repaid	(162)	(290,857)	(291,095)
Interest paid on loans	(16,953)	(43,413)	(23,150)
Other financial income and expenses paid or received	(1,002)	(8,339)	89
Net cash flows generated by financing operations (C)	(18,117)	(42,703)	(14,156)
Change In Cash without impact of change in foreign currency exchange rates (A + B + C)	(8,625)	34,441	3,030
Impact of changes in foreign currency exchange rates	(508)	(1,668)	579
Change in cash	(9,133)	32,773	3,609
Opening cash	54,227	21,454	21,454
Closing cash	45,093	54,227	25,063

(1) Including Impairment of goodwill for 63,300 thousand euros as at December 31, 2013

• Glossary

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.

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: 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 the 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 from recurring operations: 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). The 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.

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.

Operating margin: Defined as the ratio of EBIT/revenue.

Operating margin from recurring operations: defined as the ratio of EBIT from recurring operations/revenue.

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

Reconciliation: 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. The support activities are invoiced to the client subsidiaries at market prices and notably include bookkeeping, human resources and cash management, legal assistance and marketing. The parent company activities are not billable and notably include managing Group strategy, producing consolidated information and financial communications. The *Reconciliation* division's activities are performed chiefly by the parent company, *Cegedim SA*, which also carries out certain operational activities, the most important of which is CRM. Previously, *Reconciliation* division activities had been housed within the division to which *Cegedim SA*'s principal operational activity belongs: *CRM and strategic data*. The new distinction will help to clarify the impact that this unit has on the Group's accounts.

About Cegedim :

Founded in 1969, Cegedim is a global technology and services company specializing in the healthcare field. Cegedim supplies services, technological tools, specialized software, data flow management services and databases. Its offerings are targeted notably at healthcare industries, life sciences companies, healthcare professionals and insurance companies. The world leader in life sciences CRM, Cegedim is also one of the leading suppliers of strategic healthcare industry data. Cegedim employs 8,000 people in more than 80 countries and generated revenue of €902 million in 2013. Cegedim SA is listed in Paris (EURONEXT: CGM).

To learn more, please visit: www.cegedim.com
And follow Cegedim on Twitter: [@CegedimGroup](https://twitter.com/CegedimGroup)

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