

Full transcription of the “Presentation of the 2011 Results” (SFAF meeting) done in French, on April 3, 2012 in the Cegedim Auditorium in Boulogne-Billancourt.

Jean-Claude LABRUNE, CEO

Good morning.

Today, we'll be presenting the results of 2011 and tell you about CEGEDIM, as we do every year.

Revenue this year is somewhat down as you all know, because you read the brochure already, I saw you looking at the numbers; and the market capitalization is also down as you can see. That's one of the important facts of last year.

Slide 5: Business and Strategy Review

What happened in 2011? As you all know, it was a very tough environment, especially for the pharmaceutical industry. In 2009, the crisis had been relatively mild, but in 2011 it was tougher.

We could summarize the pharmaceutical crisis simply, with the onset of generics, and with the different economic measures taken by different governments. In our developed countries, we went from 600 products under promotion to only 300. So, you see, this means a drop in promotional investments that's significant in the range of products, for which there are now generics; and of course, this means a significant drop in the sales force of laboratories, namely in the US.

Meanwhile, we've maintained our position as a leader on the market. We've developed many new products to grow our revenue in the coming years. Nevertheless, we trust in the future, in 2012 and next year.

Slide 6: Creating Value at the Heart of the Healthcare

Who are our customers?

Life science companies: You have the life sciences companies, the pharmaceutical drug manufacturers. So far, we've been focused on drugs, but with the restriction of the medication market, we're turning more to offering services to companies that make medical devices. You will see at the top of the list of our customers, you will see companies like Smith & Nephew that make prosthetics.

Pharmacies: We still have many pharmacist customers, even though the market got tighter in France last year.

Healthcare providers: Many doctors, people in the paramedical professions.

Insurance: 200 insurance companies are our customers, covering 30 million people, 20 million rights holders. This is half of French people that use our revenue cycle management solutions.

Slide 7: A market, Health

Our market is healthcare, health is our business. We have a special position on this market, because we deal with the sales and marketing of pharmaceutical products, we deal with all medical aspects, with bringing computer solutions to healthcare providers, and also, insurance and services.

Our positioning is unique; we're the only company offering services, software, hosting, as well as data. And this is quite different from our competitors, and it's an important strategic advantage for today and tomorrow. Because, as you all know, CRM and healthcare professional management software programmes need hi-quality databases to be any good. That's what they rely on.

Slide 8: Leading positions in all of businesses

- 37 % of pharmaceutical or medical representatives in the world use a CEGEDIM CRM solution.
- Regarding the databases of healthcare professionals, we're the leader in data management solutions, with about 8 million healthcare professionals, so that's a larger market share.
- We're leaders in pharmacies and for medical software, and for insurance companies in France.

Slide 9: 2011: A Transitional Year

There were a few incidents: the drop in the number of medical representatives is quite significant in all mature countries. So, we're seeing a drop in mature markets, but we're seeing a rise in emerging. CEGEDIM STRATEGIC DATA recently published figures that showed that the number of medical representatives in the world went down only 1.8% in 2011. The drop was much more significant in mature markets, but not compensated regarding prices, but regarding the numbers in emerging countries. Our pharmacists' software suffered somewhat of a drop last year. It looks like it's peaking up again this year. RNP as well went down a little bit.

Now, the positive impacts: we have the development of all our data related to healthcare professionals and a new line of business that is growing, which is Compliance. What is Compliance? It's very simple: in all developed countries, the health authorities, the government, require at least a yearly publication of the relationships between health professionals and laboratories or pharmaceutical companies.

Slide 10: Key Drivers

We have many reasons to be optimistic for the coming years. The health authorities are more and more focused on medical management of the insured, and this is reflected in different ways. For a few years, we saw the development of shared electronic medical records, especially in the United States.

And, they dealt with this quite concretely by encouraging doctors to communicate medical records.

As to France, we also had the so-called DMP (electronic medical record). It wasn't the same success. We've had only 2,000 doctors as of January 1st, this year, and we had computerised more than 1,000 at CEGEDIM alone. So, it's not working that well. But, new agreements with the states through the health authorities are now requiring software certified databases and performance-based payments.

So now, if doctors want to make additional fees, they have to comply with a number of constraints. That can only be done using IT and our software programme, so that's great for us. We're the only ones who have the full range certified databases and certified software programmes that comply with these obligations for performance-based payments.

Positive Impacts

We have a division that works on this: dematerialisation (i.e. bills, orders, letters sent out electronically.) We embarked on this adventure some 15 years ago with pharmaceutical specific solutions EDIPHARM and HOSPITALIS; which account for 99% of the pharmaceutical market today. We transfer them to the corporate market, to the market of companies. For example, on January 1st this year, we had more than 100 000 electronic safes; companies like Veolia or Renault that send their bills and their orders electronically, through these dematerialisation systems.

And then, we have SEPA. Every banker says they're SEPA compliant, perhaps for wire transfers payments, but perhaps not the other way around. But that's a specialist discussion! This will mean very significant contracts for us starting this year for everyone that does electronic payments.

And then, in the US, there is the "Sunshine Act" that has to do with Compliance. In France, there are the last decrees that should be published by Xavier Bertrand before he leaves the

ministry. There are also new decrees that are being prepared in the UK and Italy; and of course, we're in those countries as you know.

There are also the post-marketing authorisation studies that are developing. Health authorities in all countries want - for the first 5 years a pharmaceutical product is marketed - studies to follow up very strictly what's going on, for quality and safety.

The Off-Label uses: this is about knowing whether drugs are prescribed according to their indications or not. So, we have contracts tracking that to see how doctors prescribe drugs. This is information we buy from doctors, through their software, and we're opening up the American market for this business thanks to the acquisition of Pulse we did at mid 2010.

Negative Impacts

The good news is that the reduction in pharmaceutical medical rep numbers in all developed countries should not continue this year. Very few lay off plans. Our big American customers took advantage of the last crisis, the last downturn to "clean things up" so to say, to streamline their headcount.

And companies like RNP, Cegelease, Alliadis, should return to a normal growth, as they had known over the previous years.

Slide 11: Revenue and EBITDA Historical

Without the American crisis, regarding medical reps and a bit in Europe, we would have overshot the one billion as we predicted when we bought Dendrite.

Slide 12-13: CRM and Strategic Data Activities

You can see it's a significant share of our business: around 40% market share for our two main lines of business, CRM and healthcare professional databases. 56% of sales and, you see the EBIT is down.

The explanation is simple. When you lose a lot of medical reps in the US for example, a laboratory going from 10,000 to 3000 pharmaceutical reps, then there's some headcount adjustments to be made that take time. You can't lay people off overnight, and it costs money. So, one challenge here, one issue at stake is to manage well this change in business.

Highlights for 2011

We continue to grow in emerging markets. That's good news, knowing that in many countries, the inflation of costs is quite significant. It gives us hope to see an increase of the prices of our services. We're doing very well in Brazil and China, which are two countries that

are the place to be. And, we're still doing very well in countries like Russia, where we have at least 70% of the market.

Technical highlights: we've made great progress in the quality of our products. In previous years, in 2010, we had to compensate the lack of quality of our new MI Product by putting on more people to take care of implementation with our customers. And now, the quality of our technical teams is such that we were able to reduce very significantly the cost of implementing a solution with our customers. We've reduced average time of deployment by four.

In the United States, we are succeeding in imposing of healthcare professional database, which is quite extraordinary and which is huge for us because the US is the biggest market in the world! Today we have 8 million healthcare professionals in the world. And our goal is to go by half of 2013 to more than 10 millions. And then, we'll have everyone. We even launched the developed of our database in major Indian cities, after completing China at the end of 2011.

Slide 14: Key Compliance Wins

And also, what are really important are the Compliance contracts. Here are Key Compliance Wins, just for the second half of the year 2011 in the United States.

In France, we've started signing first Compliance contracts this year, with the biggest pharmaceutical laboratories that work in France, not just French labs.

Slide 15-16: Healthcare Professionals Activities

€260 million revenue. We're in Belgium, the UK, France, Italy, Spain, Romania and the USA. The EBIT is growing. I think this year 2012, with this positive growth we're seeing in the pharmaceutical business, the 11% EBIT margin should go up, despite the varying workloads that we have at election time.

Highlights for 2011

The growth in the US for our software activity is relatively strong. Not as strong as what we might have expected with the Obama Plan, yet it is very strong. On purpose in 2011, we chose to invest heavily in sales teams in the US, so that we may grab a significant market share. In these software businesses, with a lot of different customers, it is always very difficult to find a good mix, between investments in sales force, the price of software and the number of customers that you're going to end up with. We thought that we had to take the opportunity of this Obama Plan to invest on the commercial side. This is what we do in the US, and we'll see what turns up at the end of the year.

Then, our development should go on as planned, with a certain number of new products, which I will mention later on.

Slide 17-18: Insurance and Services Activities

A very good year. Dare I say that when I take a look at the results, and the contributions brought by the different divisions, that over the last few years, the Group was bolstered by CRM and since last year, the two other pillars that are insurance and medical software are the main drivers, which really grants us quite a lot of serenity.

Highlights for 2011

So, a lot of changes occurred on the Insurance and Services market, a lot of new facts last year and a lot of new vistas opened up for this year. By managing 20 million rights holders, we can now extent greatly the range of reimbursement solutions.

Up until now, our activity was basically to provide the complementary part for pharmaceutical companies. When you went into a pharmacy basically, the State health insurance paid for the mandatory part and we would pay for the complementary part, to reimburse the drugs medicine. What is currently happening is basically that this payment that we make, complementary payments, we're going to develop it, not only with pharmacies, but also for optical products and hospital bills as well. This processes used to be manual actually, and we have great room for manoeuvre and room for improvement basically, in terms of productivity for our customers and for the patients. The success of this division was blatant last year and I think it will keep going at this pace this year as well.

Slide 21-22: Innovation

There remains something that took up a lot of importance over the last years, it's our innovation investments. It amounts to 16% basically of our employees who work on tomorrow's products. It's a large number of people, but I think that it will be the guarantee of our success in the coming years. And most of all, it's the only way to resist the emergence of new technologies. A very quick revolution: who could have thought that the iPad could revolutionize things so fast? Not even Apple! So, it's not easy for us to react to such rapid developments. The Apple world is a very different computerised world from what we used to have in the business world. Microsoft has sort of abandoned the field of professional individual computers. They don't really have a competitor for the iPad for now. But, to us, it's very important, because any software must be multiplatform software. It's a huge challenge for us.

Slide 21: MLM with Dexter

A few examples of what we're developing in terms of innovations. We think that what will drive innovation in the near future is a demand for remote positions, especially for pharmacists and doctors. First of all in Spain, and then in France, we've launched a new software called "MLM". It's a web-based software for healthcare professionals. This is our first web-based solution in France, actually. This software harnesses all the innovations, all the developments that we've made over the last years or so in Spain.

In Spain, we manage online all of the patients of the regions of Madrid (6.5 million patients). So, this experience really for us was a foundation to develop safely software for web-based solutions for doctors. This is a very timely launch, what with all the reforms of the health insurance in France. And we are certain that it will be a success because it really matches the expectations of doctors who have several ways of practising. Basically, they need to share data within their medical community.

Slide 22: CDF Platform

Our latest creation, just to show you how much we're advancing is called CDF. We started developing it about 3 years ago. We basically used the best of what we had. The purpose of this new platform is very simple: it is to diminish the huge burdens of centralised IT systems. Web-based solutions enable you to use software that you don't even have physically. And what's interesting is that you don't use the power of the iPad for instance or tablet to run a software. You use the Cloud application basically. So basically, you have twice the needed power, because you have it on the working station and also on the server.

So, based on that, the idea is to create a model which would really revolutionize the IT systems that we have today, by using the combined power of the server and that of the working stations; by using, in the central servers, synchronisation technologies (data synchronisation and software synchronisation) so that everything will be transparent for users.

The first development was in March for web-based software for pharmacies in the UK. The UK market is very different from the French one, because prescriptions become more and more electronic and when you go to a pharmacy to pick up your medicines, basically the pharmacist fetches the prescription on the NHS web service. So, it is a very complicated administrative network. It's as complicated as what we wanted to do in France with the DMP.

But basically, we're developing our future range of software along these lines. Furthermore, in the future, pharmacies will need very particular specific configuration parameters. Especially in France, pharmacists have to always control their inventory. The idea is not to have a central inventory and then, pharmacies would just be a place where you account for

movement of drugs, basically. You have to be compliant with legislation and have certified software.

In any case, for us, it is very interesting and using this platform brings a lot of advantages in terms of staff use; because on complex web platforms today, we need to use about 15 different types of jobs or positions, but with CDF, we think that 4 will do. So, we may talk about it more in details.

Slide 23: Cegedim: Confidence in the Future

So, the main message is that we're confident in the future; we have a great product portfolio. And I showed you that we are investing a lot in innovation. And, that being said, we do adapt to the changes in the different business lines and we try to allocate our resources as best as we can.

Pierre?

M. Pierre Marucchi, Chief Operating Officer

Thank you, Jean-Claude. Good morning to all.

Slide 24: Finance

This is a presentational slide; basically there will be three parts: Revenue, EBITDA, and the Net Financial Debt, with a focus on our debt.

Slide 25: A Resilient Top Line Performance

Our revenue dropped slightly last year and it was due to the combination of two very different periods: the first semester in terms of revenue was almost constant. However, the situation degraded itself in terms of profitability and, the second semester was the exact opposite. We've had a drop in activity, but profitability started to pick up again.

Slide 26: 2011 Revenue by sector

CRM and Strategic Data

-2.3%. It's a combination of the first stable half year, and a second half of the year, that was down 6%. What happened is that throughout the whole of the first semester, months after months, the number of medical reps, or the number of our users, decreased. And since the beginning of July, basically the summer vacations of last year, the decrease stopped and there were compensations, basically growth in emerging countries would somewhat offset

the decrease observed in rich countries. We had a stable downward trend during the first half of the year, followed by a stabilisation in the second half of the year. So, the revenue for the second half of the year stabilised but at a low level, because there is some inertia: because, when you lose medical reps, you have consequences, but a few months down the line.

So, CRM and strategic data actually took a hit during the first half of the year in terms of volume, but the consequences were felt mostly in terms of revenue during the second half of the year. So, basically, since last summer, the drop has stopped. We are on a plateau, and since there is now more contracts in the pipelines, the contracts that we sign are worth twice as much as the average of the previous year. We sincerely believe that starting this second semester - because it takes time to implement the offers with our customers - we will see a growth go back to this sector, which is one of the most important in the Group.

From a structural point of view, we see that we are on a plateau, and potentially, the growth will be recovered in the coming months.

Healthcare Professionals

A strong drop as well: -6.5%. That being said, it comes from two structures, CEGELEASE the financial company and RNP which does on-site promotional products for pharmacies mainly.

So, this is a cyclical phenomenon: at the end of the year, during the last quarter of last year, some of our customers - overnight basically - cancelled advertisement for budgetary reasons and we didn't have the opportunity to replace these cancellations by other campaigns and so, the RMP revenue decreased, but it's a very cyclical thing.

For CEGELEASE, there was increased competition from banks. When actually in 2010, pharmacists could not find loans elsewhere, but now the market is back to normal, so we are also going back to our normal market share. Again, it's cyclical.

Insurance & Services

And the third sector grew about 3%. It actually grew 9% on a reported basis, but you can see that there is an external growth phenomenon (6.2%) due to the acquisition of an indirect subsidiary of the AXA Group. It's a company that manages the files of insured customers. This is very complementary to what we do in this sector.

Slide 27: Well-Balanced and Diversified Revenue Mix

Here are a few figures, to remind you that the geographical distribution and that the fact that we have diversified activities are plus points in these troubled times, what with markets shrinking, the fact that we don't have all our eggs in the same basket basically, that enables us to wither the storms without suffering too much through them.

Slide 28: Emerging countries

As Jean-Claude was saying, a great growth factor for the future. We've included the emerging countries with their rank. That's for the first sector: CRM and Strategic Data.

So, it's just 14% of that sector, yet, it's organic growth for 2011 was 11%. You see that China is ranking 20th. So, the revenue that comes from China is relatively very small, compared to the size of the country, but the potential is huge.

Slide 29: 2011 Consolidated P&L

Our revenue decreased by 1.6% last year, but the external overheads operating expenses increased; the External expenses increased (+6.5%); and Payroll costs (+1.5%).

And again, that split between the first and the second half of the year. This is what you can see on the small graph over here, namely that during the second half of last year, Payroll costs decreased €10m, compared to the first semester and there was a small drop for external expenses.

So, we've implemented a Performance Improvement Program. It was defined country by country, in order to adapt the structures and the headcount to the market developments. That way, we improved our profitability on the second half of the year and the outlook in terms of growth for 2012 are reinforced that way.

A few figures now:

- Payroll costs increased by 5.5% during the first semester, and decreased by 2.3% in the second half of the year.
- The External expenses went up 10.3% during the first semester, and decreased by 2.8% during the second half of the year.

So, clearly, there were a lot of efforts that were made towards reducing the expenses. Since the beginning of this year, these figures have not been published but at the end of February, we observed a growth in activity. It's not negative, we have a positive figure. And we still keep a lid on the expenses, as we did during the second semester of last year.

Slide 30: Operating Profit by semester

This chart is another way to show you what I've said. In the past, we've always had a better second half of the year than the first one; partly because the revenue of the second half the year has always been better. But actually, last year was the opposite: the revenue of the second half of the year was below the revenue of the first half. That being said, we still observe a 9.3% EBIT for the second semester. So, we are still keeping an eye on the Expenses.

Slide 31: Operating Profit by sector

I'm going to say the same thing again, but just to give you a piece of information; this is profitability, sector by sector:

CRM and Strategic Data: we can see that it's 6.6% for last year, but actually, it is 2.8% for the first half of the year and 10.2% for the second one.

Slide 32: Consolidated P&L

You can see we have €8m in non-recurring items. This is the reflection of our streamlining plan, where we've laid off people and we've had to pay severance packages. Next year should be about the same, maybe a bit less, depending how our revenue goes.

Net cost of debt: it's up, it's normal; we issued a bond loan at mid- 2010 at 7%, so that brought up our average cost of debt. And we renegotiated a bank loan in the first half year 2011. There again, this spread went up slightly. But all that was done with just one thing in mind: to make sure we had no problem with liquidity and we increase the maturity. So, that's why we're paying somewhat higher financial costs.

Tax rate: 17%, that's the average, throughout all of the countries.

Slide 33: A Cash Flow Generating Model

Here, you see our cash flow: €140m this year. We consider that that's rock bottom. We are going to be improving our profitability and therefore, our cash flow. In spite of that, we were able to pay back some of our debt and we have no problem with cash or liquidity.

Slide 34: Performance Improvement Program

I already mentioned this program. It's €5m to €8m in cost this year; it's just exceptional expenses to reduce our headcount.

Slide 35: Positive Change in cash in H2 2011

Here, you can see our cash situation. A lot of figures, a lot of information, let me just focus on two: €22.6m, that's how much we've reduced our gross debt by. But in parallel, our cash has gone down, by €7m. We actually paid back some €15m. This is why this year we'll be asking the general meeting, not to pay out any dividend.

Last year, it was €14m to pay out dividend. Had we not paid out a dividend last year, we would have cut back our debt by some 30 millions. In the new credit facility, we have a debt

amortization of €40m per year. So, we would have almost reached our goal! So, this year, we will reach it and overreach it, if we don't pay out a dividend; that's the price to pay.

Slide 36: 2011 Balance Sheet

A lot of details here. The significant thing is that Shareholders Equity and Goodwill are going up. The main reason for that being a currency exchange effect. The goodwill related to Dendrite is in dollars. The dollar's strength has gone up during the year and that's the impact on the balance sheet.

Slide 37: No Refinancing Pressure in Medium Term

Here is our debt situation. Gearing is less than 1 (it is 0.9).

We have different kinds of debts. We have a medium term loan, with an amortization of 40 millions a year.

We have bonds: €300m when it was issued at mid- 2010. Now, we're at €280m. We took advantage of the drop in the value of the bond on the market in the last quarter (it went down to 70-75%) to buy some back. So, that was good! We bought back our bonds at 75% of its original value. That means an actuarial rate of 17%. And that's why it's only 280 millions now.

And then, there is FCB owned by Jean-Claude Labrune that loaned €45m, the deadline was postponed to 2016 for that loan. And then, we have a revolver facility of loan: €80m. (€20m drawn and we shouldn't have anything drawn soon). And we have cash, for €72m. So, no problem with cash. And, you could see the maturity. The biggest amount, we need to pay back is in 2015 when we need to pay back our €280m bond issue.

Slide 38: Compliance with Bank Covenants

The banking ratios, bank covenants, very quickly: our net debt should not be more than 3 times EBITDA; we're at 2.7. Our EBITDA should be enough to pay for debt interests; it should be at 4.5 and it's at 5.2, so we're fine.

Slide 39: Dividend Policy

Like I told you, no dividend this year. Our target was to pay out 25 to 35% of distributable income, which we did in the last few years, except for 2008 which came after the acquisition of Dendrite. So, we played it safe and didn't pay out a dividend. We're doing the same thing this year in order to get back on track and have a lower debt significantly this year.

Slide 40: Positive Momentum in Earnings in 2012

This is a summary that picks up a lot of what Jean-Claude said. We have a lot in the pipeline, we have new contracts signed with the pharmaceuticals companies, we have new products. We're still investing in R&D. We're hiring sales people in the US to sell our software.

At the same time, we have a Performance Improvement Programme and that makes us reasonably confident for this year.

Outlook: we expect a first half with revenues comparable to the first half of 2011 and a second half year growing up, so slight growth this year. Since we're keeping cost under control, we should have improved profitability by the end of the year.

Slide 41: Drivers of Operating Margin Recovery in 2012

Here are our three pillars:

- Sales Momentum
- New Products
- Performance Improvement Plan.

That's it, if you have any questions, you'll see the microphone going around.

Questions/Answers

M. Cédric Ménard, Medical News Agency

Regarding your Performance Improvement Plan. Can you give us your headcount last year and the impact of the plan in France?

M. Pierre Marucchi

Last year, off the curve, our headcount was slashed by 200; we went from 8400 to 8200. And the impact in France is negligible, almost no impact at all.

M. Cédric MENARD

What about emerging markets; that are the growth drivers. It's still a small share of your revenue, of your global sales. Are you planning on launching strategic initiatives in those markets or were you just setting for organic growth?

M. Pierre Marucchi

No, we'll be getting to work. We'll get on it. Unless an opportunity arises, we'll hire sales people; present our products, internal growth.

M. Cédric MENARD

And how much growth do you expect?

M. Pierre Marucchi

It's hard to forecast. But see, it's 11% growth, 14% of sales, so it could double in the three to four years to come. A country like China today, is ranked 20. Three years from now, it may be in the second or third rank for CEGEDIM.

M. Jean-Claude LABRUNE

IN the first half, we have signed a lot of contracts in Brazil. **M. Cédric MENARD**

About new markets, regarding your new products and Compliance in France, how many contracts have you signed so far? Do you have any idea of the impact it may have this year?

M. Jean-Claude LABRUNE

We're not sure yet, it will depend on how development goes. This is something that impacts all pharmaceutical companies, including American ones. American companies are implementing this plan; they all have to do it. Keep in mind that in the US, penalties you have to pay if you don't comply with the Compliance rules are not just based on problems in the US, but also any problems that might arise abroad. For instance, in the last quarter, a major American laboratory was fined 80 million dollars, because it was not complying with the Off-Label laws in China.

It's going to happen, but I can't tell you how fast. We should be able to get 50% of the market in Europe.

M. Pierre Marucchi

Here, you have the table for emerging countries up again. When you see China is behind Romania, for us at CEGEDIM, you can see we expect China to go up, to move up. We have sales people, we have products, we have both lines of business, strategic data and CRM, and we know these customers in other countries of the world. India is rank 42 behind Slovakia, so, same thing. I mean, we can easily expect these two countries to move up the ranks in the coming years.

Once you have the OneKey database, you become central in the country. You are in a very strong position in the country. And this is the case, and we have it.

Question

Good morning. A legal sort of question: the Republicans had the good idea of calling on the Supreme Court to decide on whether the Obama Law is constitutional. I wonder what you're doing about that.

M. Jean-Claude LABRUNE

It will have no impact on us. There are two parts in the Obama Plan: there is medical IT and insurance for the poor. And this affects only one of the two. It doesn't affect medical IT, they are separate.

Question

Two questions, if I may. One, taxes. You said 17%; do you think it's just the norm?

M. Jean-Claude LABRUNE

For the next couple of years, seeing our positions and situations in the different countries, and our tax credits, amortisation, depreciation, the tax will not go back up to 30-33% before a couple of years.

Question

So, a couple of years now, it's 30-33%?

M. Pierre Marucchi

Yes, once we've used up all of our deficits or tax credits, since our main market are the US and France (in the US is 40%, and then France, so far is 33%) it will bring the average up. But, for the next couple of years, it will be around 17% tax rate.

Question

Second question. Your margins change a lot. It used to be relatively low in insurance; it is up to 50%. We were used to high profit margins in CRM, that's gone down. Give us a guidance! Three years from now, what do you expect?

M. Pierre Marucchi

Take 2009, and we expect that three years from now. Our goal is to get a profit in CRM that's 11 to 13% (in CRM and strategic data). And it should be the same for the other two main business lines.

Question

You mean the same as today?

M. Pierre Marucchi

Look, 13-12% is the average. It went somewhat down in 2011, due to the fact that the RNP Company lost signed contracts in the last quarter of the year. You know, RNP is a company that has field employees who go to sign up for different customers, but depending on whether their van is filled or not, the profitability isn't the same. I know we have sudden, brutal cancellations of contracts! It has an effect on the profit margin that's quite significant,

because you have people driving around with half-empty vans. This explains why we lost this two profit margin points, compared to the usual 13%.

Question

So, let me make sure I understand. So, CRM & Strategic data are going to go back to the 2009 profit margin and the other two?

M. Pierre Marucchi

Our goal for the medium term, I can't say exactly three years from now, is 13% everywhere. Easy! 13%, more or less, across the world.

Question

Thank you very much. Just to go on on the subject. With the CRM and strategic data, I think this is where you have the highest seasonality between the first half of the year and the second half of the year. So, at the end of this year, do you think that the picture will be the same as the second half of the year 2011, or do think it's excessive? You know, from 2.8% to 10.2%, do you think that as early as 2012, the increase in the second semester will hold for the first semester of next year? So, basically, it would be back to 11% for the whole of the year, or do you think it's a bit too optimistic?

Answer

For 2012, let's take the 2010 rate: so, 9.7%. What I'd like to add: half of our R&D efforts are expenses. We are still investing quite heavily; we're still in the investment phase. So, we may have a 1% variation in EBIT, just because we've increased our R&D teams and as of yet have not capitalised on these research investments. So, this is why you have such variations.

Question

Just one thing, this morning, there were quite a lot of articles in the papers regarding the bleak outlook for pharmacists in the world. How can you be so optimistic for RNP, for instance? For instance, on the on-site advertisement, you're going to feel the consequences of that!

M. Jean-Claude LABRUNE

You know, no sales can stand the drop in advertisement budget. The RNP market is very competitive. So, especially with the elections, maybe there will be some delays, but, I don't think there will be a huge drop. Furthermore, advertisement displaying on-site for our customers, it's not all pharmacies. It's only for certain core locations.

Then, going into details, RNP made a great effort during 2011 and at the beginning of this year, so as to reorganize itself; both for the distribution circuits of its on-site advertisement, but also in its tools. RNP addressed head-on digital display and web-based display. So,

when you see that the prettiest pharmacies in Paris are equipped with digital screens, four meters by four meters, which even display light, onto the street at night! So, clearly, we are in a positive position and in a very proactive position for our customers.

I think we've taken this turn, the turn of modernity for RNP, so as to be, again, in a very positive situation and position compared to our competitors, but also as regards everything that laboratories do themselves, because they are going to outsource more and more in the future.

So, in 2012, already, we've launched the first dedicated merchandising supply chain for a pharmaceutical laboratory. So, I think we're going to develop that even more in the future.

Question

One last question: Pharmagest Interactive claim that they are gaining a lot of market shares in their field. How do you react?

M. Pierre Marucchi

Last year, we suffered from a rumour basically, that had it the pharmacists equipped with our software were targeted by the tax administration. So, some of our customers left us in a hurry. It was a rumour, but it did impact our second semester. What we're seeing actually is that this rumour, this myth has been dispelled and our order books are back to normal levels, with two-digit figures, two-digit growth. And what we know is that it's not the pharmacists with CEGEDIM software who are the target of the tax administration, it's pharmacists in general.

So, it's a small world, and there was a wave of pharmacists who left us, because they feared that the tax administration would come and knock on their door, just because they use our software. But, most of major pharmacists, who were targeted by the tax administration - that's unlucky for us! - they were equipped with our software. But since we have almost half of the market, that's bound to happen. But the clients of Pharmagest Interactive are also going to feel the consequences of that new tax administration focus. So, this is why we do not have the same growth figure for 2011 as Pharmagest Interactive. Some people left us for our competitor, but that has nothing to do with the quality of the software that we had installed. And I'm guessing that they will be somewhat disappointed and they will be talking to the taxmen pretty soon anyway.

Question

And regarding the decrease of your market share?

M. Pierre Marucchi

When we see the projects that we have in the pipeline, there is a three-month delay between the order and the billing, so we'll see that next quarter. But, we are fairly confident in the future, what with our current order book.

This is also what influenced the CEGELEASE activity. When we created CEGELEASE, 10 years ago, its purpose was only to help the pharmacists' software salespeople to, basically, also provide financial contracts, loan contracts. But, after the first crisis in 2008, our main competitor abandoned the French market and so, a lot of pharmacists came to us for loans. So, obviously, CEGEDIM main focus is not loans. But, we nonetheless accepted those customers, so in 2009 and 2010, we had a very strong growth with CEGELEASE and then, in 2011, as I said earlier on, the market went back to normal. And to that what I also explained earlier on: the tax administration's newfound interest in this profession.

Question

How do you prepare for the reimbursement of the €320m of debt in 2015?

M. Pierre Marucchi

Well, this is a regular work. You are here with all our bankers, who work regularly here, so there will be a bond or a bank debt, or a bit of two? We know that we cannot pay back all of our debt in the coming three years. Except if we were to sell off a huge chunk of the company, which is not on our horizon by the way. So, there will be a renegotiation; something that a lot of companies are doing by the way.

No more questions? I thank you for attending this presentation. Have a great day.