

PRESS RELEASE

First-half financial information at December 31, 2019
IFRS – Regulated information – Audited

Cegedim: Revenues and profit improved in 2019

- 2019 revenues rose 7.7%
- Recurring Operating Income⁽¹⁾ grew 12.2%
- Telemedicine takes off in France

FR : +33 1 72 72 74 03 | **WEBCAST ON MARCH 19, 2020, AT 6:15 PM PARIS TIME**
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The webcast is available at: www.cegedim.fr/webcast

Boulogne-Billancourt, France, March 19, 2020, after the market close

Cegedim, an innovative technology and services company, posted consolidated, 2019 revenues of €503.7 million, up 7.7% on a reported basis and 7.0% like for like compared with the same period in 2018. 2019 Recurring Operating Income⁽¹⁾ came to €37.1 million, up 12.2% year on year. The Recurring Operating⁽¹⁾ margin improved from 7.1% a year earlier to 7.4% in 2019.

In like-for-like terms, revenue improved at both operational divisions. The *Health insurance, HR and e-services* division gained 8.6% and the *Healthcare professionals* division, 4.2%.

The €4.0 million Recurring Operating Income⁽¹⁾ increase reflected the €2.7 million Recurring Operating Income⁽¹⁾ increase at the *Healthcare professionals* division and the €2.0 million increase at the *Health insurance, HR and e-services* division, partly offset a €0.7 million decrease at the *Corporate and others* division.

Income statement summary

	2019		2018		Chg.
	€m	%	€m	%	%
Revenues	503.7	100.0%	467.7	100.0%	+7.7%
EBITDA ⁽¹⁾	101.2	20.1%	76.8	16.4%	+31.9%
Depreciation & amortization	(64.2)	(12.7)%	(43.7)	(9.3)%	+46.7%
Recurring operating income⁽¹⁾	37.1	7.4%	33.1	7.1%	+12.2%
Other non-recurring operating income and expenses ⁽¹⁾	(21.0)	(4.2)%	(18.6)	(4.0)%	+12.7%
Operating income	16.1	3.2%	14.4	3.1%	+11.6%
Cost of net financial debt	(8.6)	(1.7)%	(6.0)	(1.3)%	+43.7%
Tax expenses	(4.8)	(1.0)%	(3.9)	(0.8)%	+22.8%
Consolidated net profit from continuing activities	2.7	0.5%	4.5	1.0%	(40.0)%
Net earnings from activities sold	-	-	1.3	0.3%	n.m.
Profit attributable to the owners of the parent	2.7	0.5%	5.8	1.2%	(53.3)%
Recurring EPS	0.6	-	0.7	-	(17.4)%
EPS	0.2	-	0.4	-	(53.0)%

(1) See Annex 3 – Alternative performance indicators.

The initial application of IFRS 16 did not have a material impact on operating income, recurring operating income, or net profit.

Consolidated revenue increased by €36.1 million, or 7.7%, to €503.7 million in 2019, compared to €467.7 million for 2018. Excluding a favorable currency translation effect of 0.1% and a 0.6% boost from acquisitions, revenue rose 7.0%.

Recurring operating income⁽¹⁾ increased by €4.0 million, or 12.2%, to €37.1 million in 2019, compared with €33.1 million in 2018. The 2019 figure represented 7.4% of revenue, compared with 7.1% in 2018.

Depreciation and amortization expenses increased by €20.4 million, or 46.7%, to €64.2 million in 2019, compared with €43.7 million in 2018. Restated for the negative €15.8 million impact of the initial application of IFRS 16, the increase amounted to €4.7 million, or 10.7%. The increase was also attributable to the €3.8 million increase in the amortization of capitalized R&D expenses over the period, which amounted to €32.5 million in 2019 compared with €28.6 million in 2018.

EBITDA⁽¹⁾ increased by €24.5 million, or 31.9%, to €101.2 million in 2019, compared with €76.8 million in 2018. EBITDA represented 20.1% of consolidated revenue in 2019, compared with 16.4% in 2018. Restated for the positive €15.9 million impact of the initial application of IFRS 16, the increase amounted to €8.6 million, or 11.2%. EBITDA represented 16.9% of consolidated revenue in 2019, compared with 16.4% in 2018.

Other non-recurring operating income and expenses⁽¹⁾ amounted to a charge of €21.0 million in 2019 compared with a charge of €18.6 million in 2018. This level of Other non-recurring operating income and expenses⁽¹⁾ is mainly attributable to the sale of nearly all of the business activities of Pulse Systems Inc., which resulted in a €2.5 million impairment of acquisition goodwill and a €16.1 million impairment of capitalized R&D. Furthermore, the Group's reorganization in the wake of its business model transformation gave rise to an exceptional charge of €4.1 million in 2019, compared with €5.7 million in 2018.

Cost of net financial debt increased by €2.6 million, or 43.7%, to €8.6 million in 2019, compared with €6.0 million in 2018. The increase reflects the impact of refinancing transactions carried out in H2 2018, which increased the applicable interest rate in exchange for an extension of the maturity date, and the €1.4 million impact of the initial application of IFRS 16.

Tax increased by €0.9 million, or 22.8%, to a charge of €4.8 million in 2019 compared with a charge of €3.9 million in 2018. This change was principally the result of an increase in taxes at the Group level, a positive adjustment in deferred tax assets, and the €0.4 million impact of the initial application of IFRS 16.

As a result, **consolidated net profit** came to €2.7 million in 2019 compared with €5.8 million in 2018. **Recurring net profit per share** came to a profit of €0.6 in 2019 compared to a profit of €0.7 in 2018. **Earnings per share** were a profit of €0.2 in 2019 compared with a profit of €0.4 a year earlier.

Analysis of business trends by division

• **Key figures by division**

Reported In € million	Revenues		Recurring Operating Income ⁽¹⁾	
	2019	2018	2019	2018
Health insurance, HR and e-services	340.5	307.7	34.5	32.5
Healthcare professionals	159.8	156.2	5.3	2.5
Corporate and others	3.4	3.8	(2.7)	(2.0)
Cegedim	503.7	467.7	37.1	33.1

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

The division's full-year 2019 reported revenues rose 10.7% to €340.5 million. Currencies had virtually no impact. Acquisitions had a favorable impact of 2.0%. Like-for-like revenues rose 8.6% over the period. Over the full year 2019, acquisitions made a positive contribution of 2.0%, or €6.2 million, mainly from *Ximantix*, *BSV*, *NetEDI* and *Cosytec*. This division represented 67.6% of consolidated 2019 revenues compared with 65.8% a year earlier.

Recurring Operating Income⁽¹⁾ increased by €2.0 million, or 6.3%, to €34.5 million over 2019, compared with €32.5 million in 2018. The 2019 figure represented 10.1% of revenue, compared with 10.6% in 2018.

This increase was attributable to the insurance division, driven by international activities, BPO, and third-party payment processing; *Cegedim-Media* (conventional and digital communication solutions for pharmacies); and *Cegedim Health Data* (data and analytics for the healthcare market).

• Healthcare professionals

The division's reported revenues rose 2.3% in the full year 2019 to €159.8 million. Currency translation had a positive impact of 0.4%. Acquisitions and disposals had a negative impact of 2.3%. Like-for-like revenues rose 4.2% over the period. Over the full year 2019, the 2.3% negative impact from acquisitions and disposals, or €3.6 million, was mainly due to the sale of virtually all the business activities of Pulse Systems Inc. in the United States in August 2019. This division represented 31.7% of consolidated FY 2019 revenues compared with 33.4% a year earlier.

Recurring Operating Income⁽¹⁾ increased by €2.7 million to €5.3 million over 2019, compared with €2.5 million in 2018. The 2019 figure represented 3.3% of revenue, compared with 1.6% in 2018.

This increase was chiefly the result of the computerization of allied health professionals and doctors in France, the computerization of doctors in Spain, and the positive impact of selling nearly all of the business activities of *Pulse Systems Inc.* in August 2019. The performance was partly offset by the start-up of the *Maiia* business (appointment scheduling and teleconsultation).

On March 19, 2020, *Docavenue* and *RDVmédicaux* merged and were given the new name *Maiia*. This change coincides with the launch of a new services platform dedicated to online appointment scheduling and teleconsultation. *Maiia* handled 12,000 teleconsultations in February, a 40% increase, and another 15,000 since the start of March (figure at March 16, 2020).

• Corporate and others

The division's revenues fell 10.2% as reported and like for like in the full year 2019, to €3.4 million.

Recurring Operating Income⁽¹⁾ decreased by €0.7 million, or 36.9%, to a €2.7 million loss over 2019, compared with a €2.0 million loss in 2018.

Balance sheet structure

The consolidated total balance sheet amounted to €808.6 million at December 31, 2019, a €160.5 million or 24.8% increase over December 31, 2018. This increase included €65.9 million related to the application of IFRS 16 as of January 1, 2019, with right-of-use assets relating to leases with fixed lease payments recognized as assets in the balance sheet, offset against lease liabilities, which were recognized as liabilities in the balance sheet. The increase also reflects the €32.2 million negative change in trade receivables for the health insurance BPO business.

Goodwill amounted to €192.7 million at December 31, 2019, compared with €173.0 million at December 31, 2018. This €19.7 million increase, or 11.4%, is mainly attributable to the €23.8 million impact of acquiring *BSV*, *RDV médicaux*, and *Cosytec* in France; *Ximantix* in Germany; and *NetEDI* in the UK. This growth was partly offset by a €2.7 million depreciation charge related to selling nearly all of the business activities of *Pulse Systems Inc.* Acquisition goodwill represented nearly 23.8% of the total balance sheet at December 31, 2019, compared with 26.7% at December 31, 2018.

Cash and equivalents decreased by €52.0 million compared with December 31, 2018, to €29.1 million at December 31, 2019. The decrease was chiefly attributable to:

- €32.2 million related to client advances in the health insurance BPO business, part of which was classified as "other current receivables" to reflect the specific terms of a large contract.
- €39.0 million related to the cancellation in 2019 of the non-recourse factoring agreement.

Equity increased by €2.3 million, or 1.2%, to €201.2 million at December 31, 2019, compared with €199.0 million at December 31, 2018.

Total net financial liabilities⁽¹⁾ amounted to €246.5 million, up €138.6 million compared with 12 months ago. It is worth noting that, restated for the cancellation of the non-recourse factoring agreement and for the classification of the client advances in the health insurance BPO business as "receivables", the net debt excluding the impact of the application of IFRS 16 is almost at the same level as a year ago despite €25 million of acquisition.

Cash flow after cost of net financial debt and taxes came to €82.5 million at December 31, 2019, compared with €52.9 million at December 31, 2018.

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.

- **Acquisition of XimantiX in Germany**

On January 21, 2019, *Cegedim* acquired German company *XimantiX*. Building on its presence in the digitalization markets in Belgium, France, the UK, and Morocco, *Cegedim* now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, *Cegedim e-business* will be able to develop its offer for SMEs. *XimantiX* customers will gain access to a wider range of services, thanks to *Cegedim's* international scope.

XimantiX's 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019.

- **Acquisition of BSV in France**

On January 31, 2019, *Cegedim* acquired *BSV Electronic Publishing*, the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management—a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing—Optical Character Recognition (OCR), and Automatic Document Recognition (ADR).

BSV Electronic Publishing generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019.

- **Acquisition of RDV Médicaux in France**

On February 20, 2019, *Cegedim* acquired French company *RDV Médicaux*, an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms *Docavenue's* ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system.

RDV Médicaux's 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019.

- **Acquisition of Cosytec in France**

In July 2019 *Cegedim* acquired French company *Cosytec*, which was founded in 1990 and sells HR and equipment planning software that uses constraint programming technology. *Cosytec's* offerings will augment *Cegedim SRH's* product range.

The company's client base is made up of SMEs and large corporations in the media, transportation, and services sectors.

Cosytec generated revenues of €1.3 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.

- **Business activities of Pulse Inc sold**

In August 2019, *Cegedim* sold virtually all the business activities of its wholly owned subsidiary, Pulse Systems Inc., to CareTracker Inc., an affiliate of N. Harris. Under the terms of the sale, Pulse's software solutions and services, RCM services, all customer contracts, a portion of supplier contracts, and much of its personnel were transferred to the buyer.

The divestment resulted in asset impairment of €16.3 million. Pulse contributed €11.3 million to the Group's consolidated 2018 revenues and €5.6 million to 2019 revenues. In 2019, Pulse's contribution to group EBITDA was insignificant and its contribution to operating income was negative €18.2 million. Pulse Systems Inc. will be wound up in the coming months.

- **Acquisition of NetEDI**

In August 2019, *Cegedim* acquired UK company NetEDI, a major provider of e-procurement (using the PEPPOL EDI system) and e-invoicing for the UK National Health System. Building on the *BSV* and *Ximantix* acquisitions, the addition of NetEDI strengthens *Cegedim e-business'* ability to work with its clients internationally.

NetEDI generated revenues of €2.8 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.

- **Tax**

On February 21, 2018, Cegedim S.A. received official notice that the French tax authorities planned to perform an audit of its financial statements for the period from January 1, 2015, to December 31, 2016. The Group received the statement of tax adjustment on April 16, 2019. Cegedim replied on June 14, 2019, and based on its reply, the tax authorities rescinded the first proposal and made a second proposal on September 9, 2019. After reviewing Cegedim's response, the authorities notified the Group in a letter dated February 25, 2020, that it would make no changes to the adjustment. After consultation with its lawyers and based on ample precedent, the Group still believes that the adjustment is unwarranted and has appealed the decision to a higher administrative authority. The maximum tax liability Cegedim faces as a result of the current audit is €9 million. Cegedim believes that there is little risk with respect to this amount or to the amount of deferred tax assets recorded on its balance sheet.

- **Euris litigation**

Cegedim, jointly with IQVIA (formerly IMS Health), is being sued by Euris for unfair competition. Cegedim asked the court to dismiss the case against the Group. On December 17, 2018, the Paris Commercial Court granted Cegedim's request. IQVIA has appealed that decision. Euris is claiming €150 million in damages. After consulting its external legal counsel, the Group has decided not to set aside any provisions.

- **Tessi lawsuit**

On September 17, 2019, the Paris Court of Appeals overturned the Commercial Court's ruling and reduced Cegedim's penalty for financial damages resulting from the breach of a contract of sale to €2.9 million from €4.6 million. Tessi repaid Cegedim the sum of €1.7 million during the fourth quarter of 2019.

- **Director appointed to Cegedim SA's board**

At the annual general meeting on August 30, 2019, shareholders appointed Ms. Catherine Abiven to a six-year term as a director. Her term will expire following the AGM held to approve the financial statements for the year 2024.

Significant post-closing transactions and events

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

- **Development of the COVID-19 epidemic**

Faced with the spread of the coronavirus and the COVID-19 epidemic—and its impact on the European economy—the Group has activated its business continuity plans and is closely following the situation's impact on its business activities. However, at this stage it is still too early to fully assess the impact on Cegedim's business operations and financial results, so it is impossible to issue specific guidance on the Group's 2020 outlook.

Outlook

Faced with the spread of the coronavirus and the COVID-19 epidemic it is impossible to issue specific guidance on the Group's 2020 outlook. The Group is not issuing any earnings estimates or forecasts.

- **Potential impact of Brexit**

In 2019, the UK accounted for 10.0% of consolidated Group revenues and 8.0% of consolidated Group Recurring Operating Income⁽¹⁾. Cegedim 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 Recurring Operating margin.

With regard to healthcare policy, the Group has not identified any major European programs at work in the UK, and no contracts with entities in the UK contain clauses dealing with Brexit.

Additional information

The Audit Committee met on March 18, 2020. The Board of Directors, chaired by Jean-Claude Labrune, approved the consolidated financial statements for 2019 at its meeting on March 19, 2020. The audit of the financial statements has been completed. The audit report will be issued once the requisite procedures for the filing of the Universal Registration Document are completed. The 2019 Universal Registration Document will be available in a few days' time on our website and on Cegedim IR, the Group's financial communications app.

Cegedim Group earnings take into account the initial application of IFRS 16 on January 1, 2019. The main impacts are presented in Annex 2.

2020 Financial calendar

April 27 after the market close	First quarter 2020 revenue
June 17 at 9:30 am CET	Cegedim shareholders' meeting
June 25 time to be determined	Cegedim's investor day
July 28 after the market close	Second quarter 2020 revenue
September 17 after the market close	First half 2020 results
September 18 at 10:00 am CET	Analyst meeting (SFAF) in SFAF's offices
October 28 after the market close	Third quarter 2020 revenues

The 2019 earnings presentation is available at:

- The website: <https://www.cegedim.com/finance/documentation/Pages/presentations.aspx>
- The Group's financial communications app, Cegedim IR. To download the app, visit: <http://www.cegedim.fr/finance/profil/Pages/CegedimIR.aspx..>

Annex 1: Financial statements as of December 31, 2019

• **Assets as December 31, 2019**

<i>In thousands of euros</i>	12/31/2019	12/31/2018
Goodwill on acquisition	192,740	173,024
Development costs	21,960	13,103
Other intangible fixed assets	135,579	143,606
Intangible fixed assets	157,540	156,709
Property	544	544
Buildings	2,960	3,554
Other tangible fixed assets	30,960	29,306
Right-of-use assets	64,537	-
Fixed assets in progress & Advances and deposits on tangible fixed assets	163	11
Tangible fixed assets	99,164	33,416
Equity investments	1,214	1,214
Loans	14,017	13,425
Other long-term investments	4,546	6,318
Long-term investments – excluding equity shares in equity method companies	19,777	20,957
Equity shares in equity method companies	15,080	10,486
Deferred tax asset	31,750	28,196
Accounts receivable: long-term portion	-	87
Other receivables: long-term portion	-	-
Long-term financial instruments	387	562
Prepaid expenses: long-term portion	390	530
Non-current assets	516,828	423,966
Services in progress	-	-
Goods	4,434	2,670
Advances and deposits received on orders	208	268
Accounts receivables: short-term portion	143,986	97,278
Other receivables: short-term portion	101,684	33,318
Short-term financial instruments	1	-
Cash equivalents	0	152
Cash	29,059	80,939
Prepaid expenses: short-term portion	12,414	9,516
Current assets	291,785	224,142
Asset of activities held for sale	-	-
Total Assets	808,613	648,108

The Group applied IFRS 16 for the first time on January 1, 2019, under the modified retrospective approach, which does not require restatement of the comparative figures for 2018.

As of December 31, 2019, the cash position is negatively impacted by €32.2 million, as client advances in the health insurance BPO business (outsourced management of health benefit payments) was classified as "other current receivables" to reflect the specific terms of a large contract.

The Group also used a non-recourse factoring agreement, of which €39.0 million was drawn as December 31, 2018. As of December 31, 2019, the entire non-recourse factoring agreement was cancelled.

- **Liabilities and shareholders' equity as of December 31, 2019**

<i>In thousands of euros</i>	12/31/2019	12/31/2018
Share capital	13,337	13,337
Group reserves	186,526	185,287
Group exchange gains/losses	(1,480)	(5,613)
Group earnings	2,697	5,771
Shareholders' equity, Group share	201,080	198,781
Minority interests	167	175
Shareholders' equity	201,247	198,957
Long-term financial liabilities	195,694	185,845
Non-current lease liabilities	52,413	-
Long-term financial instruments	627	961
Deferred tax liabilities	8,009	6,605
Retirement commitments	32,250	23,607
Non-current provisions	1,855	2,781
Other non-current liabilities	-	15
Non-current liabilities	290,847	219,814
Short-term financial liabilities	13,961	3,211
Current lease liabilities	13,507	-
Short-term financial instruments	2	1
Accounts payable and related accounts	50,644	41,774
Tax and social liabilities	91,593	89,074
Provisions	5,513	2,945
Other current liabilities	141,299	92,332
Current liabilities	316,519	229,337
Liabilities of activities held for sale	-	-
Total Liabilities	808,613	648,108

The Group applied IFRS 16 for the first time on January 1, 2019, under the modified retrospective approach, which does not require restatement of the comparative figures for 2018.

• **Income statement as of December 31, 2019**

<i>In thousands of euros</i>	12/31/2019	12/31/2018
Revenue	503,745	467,688
Purchased used	(28,406)	(29,316)
External expenses	(115,344)	(122,563)
Taxes	(7,319)	(8,243)
Payroll costs	(249,736)	(229,878)
Impairment on account receivables and other receivables and on contract assets	(800)	(1,358)
Allocations to and reversals of provisions	(2,674)	673
Change in inventories of products in progress and finished products	(79)	-
Other operating income and expenses	(576)	(2,358)
Income of equity-accounted affiliates	2,437	2,128
EBITDA⁽¹⁾	101,248	76,772
Depreciation expenses other than right-of-use assets	(48,399)	(43,716)
Depreciation expenses of right-of-use assets	(15,753)	-
Recurring Operating income before special items⁽¹⁾	37,096	33,056
Depreciation of goodwill	(2,800)	-
Non-recurring income and expenses ⁽¹⁾	(18,204)	(18,640)
Other non-recurring operating income and expenses⁽¹⁾	(21,004)	(18,640)
Operating income	16,092	14,416
Income from cash and cash equivalents	93	1,154
Gross cost of financial debt	(8,805)	(7,041)
Other financial income and expenses	140	(77)
Cost of net financial debt	(8,572)	(5,964)
Income taxes	(5,824)	(4,632)
Deferred taxes	1,003	707
Total taxes	(4,821)	(3,925)
Share of profit (loss) for the period of equity method companies	(8)	(46)
Profit (loss) for the period from continuing activities	2,691	4,481
Profit (loss) for the period from discontinued activities	-	1,345
Consolidated profit (loss) for the period	2,691	5,826
Consolidated net income (loss) attributable to owners of the parent	2,697	5,771
Income from of equity-accounted affiliates	(6)	56
Average number of shares excluding treasury stock	13,856,173	13,919,741
Current earnings per share (in euros)	0.6	0.7
Earnings per share (in euros)	0.2	0.4
Dilutive instruments	None	None
Earning for recurring operation per share (in euros)	0.2	0.4

(1) See Annex 3 – Alternative performance indicators.

The Group applied IFRS 16 for the first time on January 1, 2019, under the modified retrospective approach, which does not require restatement of the comparative figures for 2018.

• Consolidated cash flow statement as of December 31, 2019

In thousands of euros	12/31/2019	12/31/2018
Consolidated profit (loss) for the period	2,691	5,826
Share of earnings from equity method companies	(2,429)	(2,082)
Depreciation and provisions	53,681	50,808
Capital gains or losses on disposals	28,570	(1,694)
Cash flow after cost of net financial debt and taxes	82,513	52,858
Cost of net financial debt	8,572	6,019
Tax expenses	4,821	3,212
Operating cash flow before cost of net financial debt and taxes	95,906	62,089
Tax paid	(2,190)	(2,943)
Change in working capital requirements for operations: requirement	(64,455)	-
Change in working capital requirements for operations: surplus	-	64,436
Cash flow generated from operating activities after tax paid and change in working capital requirements (a)	29,260	123,582
<i>Of which net cash flows from operating activities of held for sale</i>	-	(5,145)
Acquisitions of intangible assets	(50,665)	(47,907)
Acquisitions of tangible assets	(11,704)	(10,976)
Acquisitions of long-term investments	-	(3,929)
Disposals of tangible and intangible assets	8,321	104
Disposals of long-term investments	261	-
Change in loans made and cash advances	894	(1,214)
Impact of changes in consolidation scope ⁽¹⁾	(25,378)	64,553
Dividends received	1,883	2,704
Net cash flows generated by investment operations (b)	(76,389)	3,335
<i>Of which net cash flows connected to investment operations of activities held for sale</i>	-	13,892
Dividends paid to shareholders of the parent company	-	-
Dividends paid to the equity-accounted affiliates	(1)	(57)
Loans issued	-	-
Loans repaid	20,000	135,000
Repayment of lease liabilities	(913)	(202,125)
Interest paid on loans	(16,307)	-
Other financial income received	(5,237)	(2,360)
Other financial expenses paid	897	4,816
Net cash flows generated by financing operations (c)	(3,593)	(4,175)
<i>Of which net cash flows related to financing operations of activities held for sale</i>	(5,154)	(68,899)
Change in cash before impact of change in foreign currency exchange rates (a+b+c)	-	(13,073)
Impact of changes in foreign currency exchange rates	(52,282)	58,017
Change in cash	253	72
Opening cash	(52,029)	58,089
Closing cash	81,088	22,998

The Group applied IFRS 16 for the first time on January 1, 2019, under the modified retrospective approach, which does not require restatement of the comparative figures for 2018.

On December 31, 2019 the cash position is negatively impacted by €32.2 million, as client advances in the health insurance BPO business (outsourced management of health benefit payments) were classified as "other current receivables" to reflect the specific terms of a large contract.

The Group also used a non-recourse factoring agreement of which €39.0 million was drawn as December 31, 2018. As of December 31, 2019, the entire non-recourse factoring agreement was cancelled.

(1) The Impact of changes in consolidation scope corresponds to the takeover of subsidiaries net of the cash and cash equivalents acquired.

Annex 2: First-time application of IFRS 16 – Leases

First-time application of IFRS 16 – Leases

Cegedim has applied IFRS 16 Leases for the first time in its condensed consolidated financial statements for 2019. Applying this new standard—which supersedes IAS 17 Leases—had a material impact on Cegedim’s consolidated financial statements given the importance of leases to the Group’s activities.

The Group elected to use the “modified retrospective” approach for its transition to IFRS 16, under which entities are not authorized to restate prior-period comparative financial information. Consequently, the 2019 income statement is presented differently than the Group’s prior-period income statements.

In order to help users of the Group’s financial statements to understand the impact of its transition to IFRS 16, and to help provide meaningful comparisons between the financial data for 2019 and 2018 presented below, the Group has chosen to present two types of data in this activity report, for which reconciliations have been performed:

- IAS 17-adjusted financial data for 2019: the data for 2019 has been adjusted for the impact of IFRS 16 on that period in order to provide meaningful comparisons with the 2018 data, to which IAS 17 has been applied.
- IAS 17-adjusted non-IFRS financial indicators for 2019: key indicators such as recurring operating income, EBITDA and free cash flow from operations have been presented on an adjusted basis as if IAS 17 had been applied instead of IFRS 16.

Definitions of these non-IFRS financial indicators are presented in the Annexes 3.

Impact of IFRS 16 for 2019

IAS 17-adjusted financial data for 2019

Balance sheet

In € million	12/30/2019 IFRS 16 Reported	12/30/2019 IAS 17 Restated	12/30/2018 IAS 17 Reported	Change IAS 17 %
Assets				
Right-of-use assets	64.5	0.0	0.0	n.m.
Other non-current assets	452.3	451.9	424.0	+6.6%
Non-current assets	516.8	451.9	424.0	+6.6%
Current assets	291.8	291.8	224.1	+30.2%
Total assets	808.6	743.7	648.1	+14.8%
Liabilities				
Long-term financial debt	52.4	0.0	0.0	n.m.
Other non-current liabilities	238.4	238.4	219.8	+8.5%
Total non-current liabilities	290.8	238.4	219.8	+8.5%
Short-term financial debt	13.5	0.0	0.0	n.m.
Other current liabilities	303.0	303.0	229.3	+32.1%
Total current liabilities	316.5	303.1	229.3	+32.2%
Total liabilities	607.4	541.5	449.2	+20.6%
Shareholders’ equity	201.2	202.2	199.0	+1.6%
Total liabilities and shareholders’ equity	808.6	743.7	648.1	+14.8%

Impact of IFRS 16 for 2019

Consolidated Income statements

<i>In € million</i>	12/31/2019 IFRS 16 Reported	12/31/2019 IAS 17 Restated	12/31/2018 IAS 17 Reported	Change IAS 17 %
Revenue	503.7	503.7	467.7	+7.7%
Purchases used	(28.4)	(28.4)	(29.3)	(3.1)%
External expenses	(115.3)	(131.2)	(122.6)	+7.0%
Payroll costs	(249.7)	(249.7)	(229.9)	+8.6%
Other operating income and charges	(9.0)	(9.0)	(9.2)	(1.3)%
Depreciation and amortization expenses	(64.2)	(48.4)	(43.7)	+10.7%
Other non-recurring operating income and expenses ⁽¹⁾	(21.0)	(21.0)	(18.6)	12.7%
Operating income	16.1	16.0	14.4	+10.8%
<i>as % of revenue</i>	3.2%	3.2%	3.1%	+11bps
Cost of net financial debts	(8.6)	(7.1)	(6.0)	+19.8%
Total taxes	(4.8)	(5.2)	(3.9)	+32.1%
Consolidated profit (loss)	2.7	3.6	5.8	(37.7)%
Group share	2.7	3.6	5.8	(37.0)%

IAS 17-adjusted non-IFRS financial indicators for 2019

<i>In € million</i>	12/31/2019 IFRS 16	12/31/2019 IAS 17	12/31/2018 Reported	Change %
Recurring operating income	37.1	37.0	33.1	+11.9%
<i>as % of revenue</i>	7.4%	7.3%	7.1%	+27 bp
EBITDA	101.2	85.4	76.8	+11.2%
<i>as % of revenue</i>	20.1%	16.9%	16.4%	+53 bp

The impact of applying IFRS 16 to operating income, recurring operating income, and net profit is not significant.

Annex 3: Alternative performance indicators

To monitor and analyze the financial performance of the Group and its activities, Group management uses alternative performance indicators. These financial indicators are not defined by IFRS norms. This note presents a reconciliation of these indicators and the aggregates from the consolidated financial statements under IFRS.

Reported and like-for-like revenue Definition

The Group's reported revenue corresponds to its actual revenue. The Group also uses like-for-like data. The following adjustments are made:

- neutralize the portion of revenue corresponding to entities divested in 2018;
- include the portion of revenue corresponding to entities acquired in 2019;
- recalculate 2018 revenue at 2019 exchange rates.

These adjustments give rise to comparative data at constant scope and exchange rates, which serve to measure organic growth.

Reported and like-for-like revenue Reconciliation table

In € thousands	D1	D2	D3	Group
2018 Revenue (a)	307,684	156,184	3,820	467,688
Impact of disposals	0	(3,971)	0	(3,971)
2018 revenue before impact of disposals	307,684	152,213	3,820	463,717
Currency impact	20	670	0	690
2018 revenue at 2019 exchange rate (b)	307,704	152,883	3,820	464,407
2019 revenue before impact of acquisitions (c)	334,304	159,423	3,430	497,156
Revenue from acquisitions	6,224	365	0	6,589
2019 Revenue	340,527	159,788	3,430	503,745
Like-for-like growth [(c-b)/a]	+8.6%	+4.2%	(10.2)%	+7.0%

D1: "Health insurance, HR and e-services" Division;

D2: "Healthcare professionals" Division;

D3: "Corporate and others" Division.

Recurring operating income Definition

The Group's operating income includes all revenues and expenses directly related to Group activities, whether these revenues and expenses are recurring or arise from non-recurring decisions or transactions.

"Other non-recurring operating income and expenses" consists of unusual items, notably as concerns the nature or frequency, that could distort the assessment of Group entities' financial performance. Other non-recurring operating income and expenses may include impairment of tangible assets, goodwill, and other intangible assets, gains or losses on disposals of non-current assets, restructuring costs, and costs relating to workforce adaptation measures.

Consequently, Cegedim monitors its operating performance using "Recurring operating income", defined as the difference between total operating income and other non-recurring operating income and expenses.

Recurring operating income is an intermediate line item intended to facilitate the understanding of the Group's operating performance and as a way to estimate recurring performance. This indicator is presented in a manner that is consistent and stable over the long term in order to ensure the continuity and relevance of financial information.

EBITDA Definition

The Group uses EBITDA to monitor its operating performance. This financial indicator corresponds to recurring operating income plus depreciation and amortization expenses.

Recurring operating income (REBIT) and EBITDA

Reconciliation table

In € million

Operating income (a)

Non-recurring operating income and expenses (b)

Amortization of goodwill (c)

Other non-recurring operating income and expenses (d=b+c)

Recurring operating income (REBIT) (e=a-d)

Depreciation and amortization expenses (f)

EBITDA (j=e-f)

2019

2018

16,092

14,416

18,504

18,640

2,500

-

21,004

18,640

37,096

33,056

64,152

43,716

101,248

76,772

Effective tax rate on recurring income

The effective tax rate on recurring income corresponds to the effective tax rate excluding tax effects relating to "Other non-recurring operating income and expenses".

Free cash flow from operations

Definition

The Group also uses an intermediate line item, Free cash flow from operations, to monitor its financial performance. This financial indicator measures net operating cash flow less net operating investments (defined as acquisitions and disposals of tangible and intangible assets).

Free cash flow from operations

Reconciliation table

In € million

Cash flow generated from operating activities after tax paid and change in working capital requirements

Acquisition of intangible assets

Acquisition of tangible assets

Disposal of tangible and intangible assets

Free cash flow from operations

2019

2018

29,260

123,582

(50,665)

(47,907)

(11,704)

(10,976)

8,321

+104

(24,788)

+64,803

Net financial debt

Definition

Net financial debt comprises gross borrowings, including accrued interest and debt restatement at amortized cost less cash and cash equivalents.

Net financial debt

Reconciliation table

In € million

Long-term financial liabilities

Short-term financial liabilities

Total financial liabilities

Cash and cash equivalents

Net financial debt excluding IFRS 16 debt

Non-current IFRS 16 debt

Current IFRS 16 debt

Net financial debt

12/31/2019

12/31/2018

248,107

185,845

27,468

3,211

275,575

189,056

29,059

81,091

246,516

107,965

52,413

-

13,507

-

180,596

107,965

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.

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.

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.

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.

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

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

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

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 March 19, 2020, no earlier than 5:45 pm Paris time.

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

The Group applies the IFRS 15 accounting standard, "Revenue from contracts with customers".

The figures cited above include guidance on Cegedim'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 Cegedim, please refer to Chapter 7, points 7.2, "Risk factors", and 3.6, "Outlook", of the 2019 Universal Registration Document who will be filed with the AMF in the coming days;

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 almost 5,000 people in more than 10 countries and generated revenue in excess of €500 million in 2019. Cegedim SA is listed in Paris (Euronext: CGM).

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