

## PRESS RELEASE

Quarterly financial information as of September 30, 2019  
IFRS - Regulated information - Not audited

### Cegedim: Revenue grew in the third quarter of 2019

- Like-for-like revenues grew 6.9% over the quarter and 6.6% over the first nine months
- Reported revenues grew 8.8% over the quarter and 8.3% over the first nine months

**Disclaimer:** This press release is available in French and in English. In the event of any difference between the two versions, the original French version takes precedence. This press release may contain inside information. It was sent to Cegedim's authorized distributor on October 24, 2019, 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".

**FR :** +33 1 72 72 74 03 | **WEBCAST ON OCTOBER 24, 2019, AT 6:15 PM PARIS TIME**  
**USA :** +1 844 286 0643 | **UK :** +44 (0)207 1943 759 | **PIN CODE:** 90588486#  
The webcast is available at: [www.cegedim.fr/webcast](http://www.cegedim.fr/webcast)

### Boulogne-Billancourt, France, October 24, 2019, after the market close

**Cegedim**, an innovative technology and services company, generated consolidated Q3 revenues of €118.4 million in 2019, an increase of 8.8% as reported and 6.9% like-for-like compared with the same period in 2018.

Over the first nine months of 2019, Cegedim generated consolidated revenues of €364.2 million, an increase of 8.3% as reported and 6.6% like-for-like compared with the same period in 2018.

In the third quarter and over the first nine months, all the operating divisions made positive year-on-year contributions to the Group's like-for-like growth.

BPO activities revenues reached €32.1 million over the first nine months of 2019, a 20.6% improvement compared with 2018.

#### Revenue trends by division

- **Third quarter of 2019**

in € million	Third quarter			
	2019	2018	Chg. L-f-l	Chg. Reported
Health insurance, HR and e-services	79.6	71.6	8.2%	11.1%
Healthcare professionals	38.0	36.3	4.7%	4.7%
Corporate and others	0.8	0.9	(7.1)%	(7.1)%
<b>Cegedim</b>	<b>118.4</b>	<b>108.8</b>	<b>6.9%</b>	<b>8.8%</b>

Currency translation had no impact.

The €2 million boost from scope effects, or 1.9%, was chiefly due to the acquisition of **BSV** in France on January 31, 2019, the acquisition of **Ximantix** in Germany on January 21, 2019, and that of **NeFEDI** in the UK in August 2019.

- **First nine months of 2019**

in € million	First nine months			
	2019	2018	Chg. L-f-l	Chg. Reported
Health insurance, HR and e-services	242.1	221.2	7.3%	9.5%
Healthcare professionals	119.6	112.4	5.5%	6.3%
Corporate and others	2.5	2.8	(9.7)%	(9.7)%
<b>Cegedim</b>	<b>364.2</b>	<b>336.4</b>	<b>6.6%</b>	<b>8.3%</b>

The favorable currency translation impact is under 0.2%.

The €5 million boost from scope effects, or 1.5%, was chiefly due to the acquisitions of [BSV](#), [Ximantix](#) and [NetEDI](#).

### **Analysis of business trends by division**

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

in € million	2019	2018	Chg. L-f-l	Chg. Reported
Third quarter revenue	79.6	71.6	8.2%	11.1%
First nine months revenue	242.1	221.2	7.3%	9.5%

Over the first nine months of 2019, acquisitions made a positive contribution of 2.1%, or €4.7 million. The main contributions came from [BSV](#), [Ximantix](#) and [NetEDI](#).

The businesses that made the biggest contributions to this growth in the first nine months of 2019 were—in the health insurance sector—BPO and third-party payment flow processing activities, [Cegedim Health Data](#) (data and analytics for the healthcare market), [Cegedim e-business](#) (document and process digitization), and [Cegedim SRH](#) (HR management solutions).

- **Healthcare professionals**

in € million	2019	2018	Chg. L-f-l	Chg. Reported
Third quarter revenue	38	36.3	4.7%	4.7%
First nine months revenue	119.6	112.4	5.5%	6.3%

Over the first nine months of 2019, acquisitions made a positive contribution of 0.3%, while currency effects contributed 0.5%.

The businesses that made the biggest positive contributions over the first nine months were the computerization solutions for doctors and allied health professionals in France, for doctors in the UK, and for doctors and pharmacists in Romania, as well as the [Docavenue](#) appointment scheduling and remote consultation portal.

- **Corporate and others**

in € million	2019	2018	Chg. L-f-l	Chg. Reported
Third quarter revenue	0.8	0.9	(7.1)%	(7.1)%
First nine months revenue	2.5	2.8	(9.7)%	(9.7)%

## **Highlights**

To the best of the company's knowledge, there were no events or changes during the third quarter of 2019 that would materially alter the Group's financial situation.

- **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.

- **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.

- **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 totaling €16.3 million. Pulse contributed €11.3 million to the Group's consolidated revenues in 2018 and €7.2 million over the first nine months 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.

- **Tax**

On February 21, 2018, *Cegedim S.A.* received notice that French tax authorities would perform an audit of its accounts covering the period 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. *Cegedim* is working with its lawyers to prepare its response. Based on ample precedent, the Group believes that the adjustment is unwarranted. As a result, *Cegedim* believes that there is little risk posed to the amount of deferred tax assets recorded on its balance sheet.

- **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 €2,857,693 from €4,586,000.

By our calculations, it appears that Cegedim can now demand that Tessi repay €1,615,660 of the €4,938,015.84 the Group paid in 2017, with the caveat that the court is responsible for calculating interest.

## **Significant transactions and events post September 30, 2019**

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.

## **Outlook**

The Group confirms the targets it revised upward on September 19, 2019, i.e. like-for-like revenue and EBITDA\* growth above 5%.

The Group does not expect to make any significant acquisitions in the second half of 2019.

And lastly, the Group does not provide earnings estimates or forecasts.

*(\*) Alternative performance indicator*

*EBITDA: This financial performance indicator is equivalent to operating profit from continuing activities plus net depreciation and amortization expenses.*

- **Potential impact of Brexit**

In 2018, the UK accounted for 10.0% of consolidated Group revenues from continuing activities and 9.9% of consolidated Group EBIT.

Cegedim deals in local currency in the UK. Brexit is unlikely to have a material impact on Group EBIT from continuing activities.

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.

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 2, points 2.5, "Risk factors and insurance", and 2.7, "Outlook", of the 2018 Registration Document filled with the AMF on March 29, 2019.

## **Additional information**

Third quarter 2019 revenue figures have not been audited by the Statutory Auditors.

The third quarter 2019 revenue 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: <https://www.cegedim.com/finance/profile/Pages/cegedimir.aspx>.

## Annexes

### Breakdown of revenue by quarter and division

- Year 2019

<i>in € million</i>	Q1	Q2	Q3	Q4	Total
Health insurance, HR and e-services	79,239	83,260	79,585		242,084
Healthcare professionals	39,100	42,472	38,014		119,586
Corporate and others	882	842	836		2,561
<b>Revenue from continuing activities</b>	<b>119,222</b>	<b>126,574</b>	<b>118,435</b>		<b>364,231</b>
Revenue from activities held for sale	0	0	0		0
IFRS 5 restatement	0	0	0		0
<b>Group revenue</b>	<b>119,222</b>	<b>125,574</b>	<b>118,435</b>		<b>364,231</b>

- Year 2018

<i>in € million</i>	Q1	Q2	Q3	Q4	Total
Health insurance, HR and e-services	72,923	76,613	71,620	86,526	307,684
Healthcare professionals	38,029	38,133	36,291	43,731	156,184
Corporate and others	989	947	900	985	3,820
<b>Revenue from continuing activities</b>	<b>111,941</b>	<b>115,693</b>	<b>108,811</b>	<b>131,242</b>	<b>467,688</b>
Revenue from activities held for sale	2,066	0	0	0	2,066
IFRS 5 restatement	(36)	0	0	0	(36)
<b>Group revenue</b>	<b>113,970</b>	<b>115,693</b>	<b>108,811</b>	<b>131,242</b>	<b>469,717</b>

### Breakdown of revenue by geographic zone and division

- As of September 30, 2019

<i>Consolidated revenues in € million</i>	France	EMEA excl. France	Americas	APAC
Health insurance, HR and e-services	232,783	9,301	-	-
Healthcare professionals	73,325	38,778	7,484	-
Corporate and others	2,551	10	-	-
<b>Cegedim</b>	<b>308,659</b>	<b>48,089</b>	<b>7,484</b>	<b>-</b>

### Breakdown of revenue by currency and division

- As of September 30, 2019

<i>Consolidated revenues in € million</i>	Euro	GBP	USD	Others
Health insurance, HR and e-services	234,432	5,513	-	2,228
Healthcare professionals	78,946	30,129	7,202	3,309
Corporate and others	2,561	-	-	-
<b>Cegedim</b>	<b>315,849</b>	<b>35,642</b>	<b>7,202</b>	<b>5,537</b>

## 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.

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

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

**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.

### About Cegedim:

Founded in 1969, Cegedim is an innovative technology and services company in the field of digital data flow management for healthcare ecosystems and B2B, and a business software publisher for healthcare and insurance professionals. Cegedim employs more than 4,500 people in more than 10 countries and generated revenue of €468 million in 2018. Cegedim SA is listed in Paris (Euronext: CGM).

To learn more, please visit: [www.cegedim.com](http://www.cegedim.com)

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