

Public company with share capital of 13,336,506.43 euros
 Trade and Commercial Register: Nanterre B 350 422 622
 www.cegedim.com

Third quarter financial report
 IFRS – Regulated Information – Not audited

Cegedim: third quarter revenues grew 3.5%

- Group offerings transition towards the cloud
- Adjusting 2015 targets to reflect the cloud transition
- Acquisitions include Activus in the UK and the US assets of Nightingale

Boulogne-Billancourt, October 27, 2015 – [Cegedim](#), an innovative technology and services company, generated consolidated third quarter 2015 revenues from continuing activities of €120.4 million, up 0.9% like for like and 3.5% on a reported basis compared with the same period in 2014.

The decline in like-for-like revenues at the [Healthcare Professionals](#) division was more than offset by relative stability at the [Cegelease](#) division and growth at the [Health Insurance, HR and e-services](#) division. The [Health Insurance, HR and e-services](#) division made a noteworthy return to strong growth despite the migration of clients towards SaaS and cloud offerings.

The Group is laying the groundwork for its future by migrating its software offerings from a perpetual license model to an SaaS / cloud model, but the effort has a short-term cost in terms of revenues and profitability. In the long term, the move will enhance [Cegedim's](#) customer loyalty, bring it closer to its customers, and simplify its operating processes. As a result, the share of recurring revenues will increase, making growth stronger and more predictable.

At the same time, the Group continues to strengthen its businesses through targeted acquisitions. In late July, the Group bought [Activus](#) in the UK in order to bolster its presence in software for the health insurance and personal insurance fields in English-speaking countries. In early October, [Cegedim](#) bought the US assets of Nightingale to enhance its offerings of EHR products in cloud / SaaS format in the US.

Lastly, the Group is actively working to improve its debt profile.

In light of the rapid development of its BPO (Business Process Outsourcing) and SaaS / cloud business, which requires personnel investments to get clients up and running, and given the investments necessary for migrating all of its software products from perpetual license models to cloud / SaaS format, [Cegedim](#) is having to revise downward its expectations for 2015 revenue and EBIT before special items. [Cegedim](#) now expects like-for-like revenue growth of 1% and a 5% increase in EBITDA.

- **The change in revenues per division for the third quarter is as follows:**

€ million	Q3 2015	Q3 2014	Q3 2015/2014 change	
			Reported	L-f-L
Health Insurance, HR and e-services	55.9	51.4	+8.7%	+6.4%
Healthcare Professionals	36.5	36.9	(1.3)%	(6.1)%
Cegelease	27.2	27.3	(0.3)%	(0.3)%
Activities not allocated	0.8	0.7	+17.5%	+17.5%
Group	120.4	116.4	+3.5%	+0.9%

In the third quarter of 2015, [Cegedim](#) generated consolidated revenues from continuing activities of €120.4 million, up 3.5% on a reported basis and 0.9% like for like compared with the same period in 2014. Acquisitions and currencies have a positive impact of respectively 1.0% and 1.5%.

- The change in revenues per division for the first nine months is as follows:

€ million	9M 2015	9M 2014	9M 2015/2014 change	
			Reported	L-f-L
Health Insurance, HR and e-services	167.5	158.0	+6.0%	+5.2%
Healthcare Professionals	113.0	111.5	+1.4%	(4.7)%
Cegelease	83.3	83.1	+0.3%	+0.3%
Activities not allocated	2.8	2.3	+18.5%	+18.5%
Group	366.6	355.0	+3.3%	+1.0%

Over the first nine months of 2015, continuing activities had revenues of €366.6 million, up 3.3% on a reported basis and 1.0% like-for-like compared with the same period in 2014. Acquisitions and currencies have a positive impact of respectively 0.3% and 1.9%. Group revenues, including the Q1 revenues of the activities sold on April 1, 2015, came to €468.2 million, down 27.1% on a reported basis and up 1.6% like for like compared with the year-earlier period.

Analysis of business trends by division

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

Over the first nine months of 2015, division revenues came to €167.5 million, up 6.0% on a reported basis. The acquisition of *Activus*, in July 2015 in the UK, made positive contributions of 0.7%. Currencies had virtually no impact. Like-for-like revenues grew 5.2% over the period.

The *Health Insurance, HR and e-services* division represented 45.7% of consolidated revenues from continuing activities, compared with 44.5% during the same period a year earlier.

In the third quarter of 2015, division revenues came to €55.9 million, up 8.7% on a reported basis. The acquisition of *Activus*, in July 2015 in the UK, made positive contributions of 2.2%. Currencies had virtually no impact. Like-for-like revenues grew 6.4% over the period.

Robust Q3 revenue growth was chiefly the result of:

- Growth at *Cegedim Health Insurance* despite the transition of part of its product range to the cloud. Growth was driven mainly by double-digit growth in processing third-party payments and in BPO activities. The acquisition of health and personal insurance software publisher *Activus* gave *Cegedim Health Insurance* access to new markets (UK, US, Middle East, APAC, etc.) and contributed 2.2% to third quarter growth.
- Double-digit growth in the management of the SaaS HR management platform of *Cegedim SRH*, which got a boost from numerous commercial successes and from the successful development of its BPO activities.
- Double-digit growth in the management to the *GIS* SaaS platform from *Cegedim e-business*, digital flow management, including payment platforms,
- Growth in digital communication activities.

- **Healthcare Professionals**

Over the first nine months of 2015, division revenues came to €113.0 million, up 1.4% on a reported basis. Currency effects made positive contributions of 6.0%. Acquisitions had virtually no impact. Like-for-like revenues fell 4.7% over the period.

The *Healthcare Professionals* division represented 30.8% of consolidated revenues from continuing activities, compared with 31.4% during the same period a year earlier.

In the third quarter of 2015, division revenues amounted to €36.5 million, a 1.3% decrease on a reported basis. There were no acquisitions or divestments, and currencies made a positive contribution of 4.8%. Like-for-like revenues fell 6.1% over the period.

This performance was chiefly the result of:

- Weaker trends in the computerization of UK doctors following the market's migration to cloud-based offerings. However, the Group's investments in cloud offerings should allow this segment to gradually return to growth.
- The revenue impact of rolling out Revenue Cycle Management (RCM) products in the US. This product range allows doctors to manage reimbursements from multiple US insurers. This is a BPO-like offering that required, before requested work could begin with clients, the size of the RCM team to be doubled. This significantly increased costs at our *Pulse Systems* subsidiary. As business with clients gradually ramps up over Q4 2015 and H1 2016, *Pulse Systems* will start to see renewed growth and profitability. The regulator definitively adopted ICD-10 standards in October, so we can expect a gradual pick-up in EHR sales momentum following a period in which doctors have been hesitant to invest. Revenues related to RCM offerings are recognized over the life of the contract, unlike EHR products. Lastly, the September 2015 acquisition of Nightingale's US assets gives the Group product ranges that use both client-server and cloud models.
- Growth in the computerization of doctors in France, Spain, Belgium and Romania, and the computerization of nurses and physical therapists in France.
- Growth in the medication database (*Base Claude Bernard*), sales of which are also rising in the UK.
- Growth in *SoCall* appointment scheduling services in France.

- **Cegelease**

Over the first nine months of 2015, division revenues came to €83.3 million, up 0.3% on a reported basis and like for like. There were no acquisitions or divestments, and currencies had no impact.

The *Cegelease* division represented 22.7% of consolidated revenues from continuing activities, compared with 23.4% during the same period a year earlier.

In the third quarter of 2015, division revenues came to €27.2 million, down 0.3% on a reported basis and like for like. There were no acquisitions or divestments, and currencies had no impact.

Sales were virtually unchanged in the third quarter, mainly because of a different mix of self-financed and resold contracts in 2015 than in 2014. The favorable trend in financing conditions led the Group to reduce the proportion of self-financed contracts.

- **Activities not allocated**

Over the first nine months of 2015, division revenues came to €2.8 million, up 18.5% on a reported basis and like for like. There were no acquisitions or divestments, and currencies had no impact.

The *Activities not allocated* division represented 0.8% of consolidated revenues from continuing activities, compared with 0.7% during the same period a year earlier.

In the third quarter of 2015, division revenues came to €0.8 million, up 17.5% on a reported basis and like for like. There were no acquisitions or divestments, and currencies had no impact.

The third-quarter increase was chiefly attributable to services, including IT services, invoiced to IMS Health.

3rd quarter highlights

- **Redemption of the 7.0% 2015 bond**

Cegedim redeemed the full amount of the €62.6 million remaining in circulation of the 7.0% 2015 bond upon maturity on July 27, 2015 (ISIN : FR0010925172).

- **Redemption of Cegedim Bonds**

Between July 1, 2015, and the release date of this document, *Cegedim* redeemed on the market its 6.75% bond, maturing April 1, 2020, ISIN code XS0906984272, for a total principal amount of €19,470,000. The company then cancelled these bonds. As a result, a total principal amount of €343,346,000 remains in circulation.

- **Acquisition in the UK of Activus**

On July 20th 2015, *Cegedim* announces the acquisition of 100% of *Activus*, one of the UK's leading suppliers of health and protection insurance software. This deal gives *Cegedim Health Insurance* access to new markets (UK, US, Middle East, APAC, Africa,...) and strengthens its software offering for international clients. *Activus* generated revenue of around €7 million in 2014.

This move is part of the Group's strategy of making bolt-on acquisitions to expand its international positions. The deal was financed with internal financing. It will contribute to *Cegedim* consolidated results starting from the acquisition date.

- **Favorable exchange rate movements**

At end-September, movements in exchange rates were positive, contributing €1.8 million to consolidated third quarter revenues from continuing activities.

- **Competition Authority**

On September 24, 2015, the Paris Court of Appeal rejected *Cegedim's* request and upheld the Competition Authority decision of July 8, 2014. Because the fine was paid in full in September 2014, this decision has no impact on *Cegedim's* accounts.

Cegedim had appeal of this decision to the Court of Cassation.

Apart from the items cited above, to the best of the company's knowledge, there were no events or changes during the period that would materially alter the Group's financial situation.

Significant post-closing transactions and events

- **Acquisition of Nightingale's US assets**

In early October 2015, *Cegedim* announced that its US subsidiary, *Pulse Systems, Inc.*, acquired the US healthcare management activities of Nightingale Informatix Corporation, including Medrium, Ridgemark, Secure Connect and Northern Health Products. *Pulse* will now be able to offer its clients healthcare and EHR management products in client-server and cloud format.

Apart from the items cited above, 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

In light of the rapid development of its BPO and SaaS / cloud business, which requires personnel investments to get clients up and running, and given the investments necessary for migrating all of its software products from perpetual license models to cloud / SaaS format, *Cegedim* is having to revise downward its expectations for 2015 revenue and EBIT before special items. *Cegedim* now expects like-for-like revenue growth of 1% and a 5% increase in EBITDA.

The Group does not anticipate any significant acquisitions for 2015 and does not disclose profit projections or estimates.

Financial calendar

The Group will hold a conference call today on October 27, 2015, at 6:15 pm in English (Paris time).

The call will be hosted by [Jan Eryk Umiastowski](#), *Cegedim* Chief Investment Officer and Head of Investor Relations.

A presentation of *Cegedim* Q3 2015 Revenue will also be available on the website:

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

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No Access code required

November 26, 2015 (after the stock market closes)

- Q3 2015 Results announcement

December 17, 2015 at 2pm CET

- 6th Investor Summit - *Cegedim* Auditorium
17 Rue de l'Ancienne Mairie - Boulogne-Billancourt

Additional information

Complete financial information and a presentation on *Cegedim's* third quarter revenue are available on our website: www.cegedim.com/finance.

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

Appendices

- Revenues by division and by quarter[#]:

Figures rounded to the nearest unit

Year 2015

<i>€ thousands</i>	Q1	Q2	Q3	Q4	Total
Health Insurance, HR and e-services	54,004	57,546	55,912		167,462
Healthcare professionals	37,187	39,352	36,456		112,995
Cegelease	29,293	26,842	27,208		83,342
Activities not allocated	825	1,100	843		2,768
Group	121,309	124,839	120,419		366,567

Year 2014

<i>€ thousands</i>	Q1	Q2	Q3	Q4	Total
Health Insurance, HR and e-services	49,801	56,801	51,445		158,047
Healthcare professionals	36,906	37,617	36,931		111,453
Cegelease	25,867	29,971	27,295		83,133
Activities not allocated	796	823	717		2,336
Group	113,370	125,211	116,388		354,969

- By division and geographic zone, the distribution of revenues for the 1st nine months of 2015 is as follows:

	France	EMEA ex France	Americas	APAC
Health Insurance, HR and e-services	98.4%	1.6%	-	-
Healthcare professionals	47.9%	45.0%	7.1%	-
Cegelease	100.0%	-	-	-
Activities not allocated	100.0%	-	-	-
Group	82.9%	14.9%	2.2%	-

- By division and currency, the distribution of revenues for 1st nine months of 2015 is as follows:

	Euro	USD	GBP	Others
CRM and strategic data	97.8%	0.0%	0.7%	1.5%
Healthcare professionals	50.0%	8.2%	40.5%	1.2%
Insurance and services	100.0%	0.0%	0.0%	0.0%
GERS Activities and Reconciliation	100.0%	0.0%	0.0%	0.0%
Group	83.6%	2.5%	12.8%	1.0%

- Glossary

Activities not allocated: 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.

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

Revenue at constant exchange rate: when changes in revenue at constant exchange rate are referred to, it means that the impact of exchange rate fluctuations has been excluded. The term "at constant exchange rate" covers the fluctuation resulting from applying the exchange rates for the preceding period to the current fiscal year, all other factors remaining equal.

Revenue on a like-for-like basis: the effect of changes in scope is corrected by restating the sales for the previous period as follows:

- by removing the portion of sales originating in the entity or the rights acquired for a period identical to the period during which they were held to the current period;
- similarly, when an entity is transferred, the sales for the portion in question in the previous period are eliminated.

Life-for-like data: at constant scope and exchange rates.

Internal growth: internal growth covers growth resulting from the development of an existing contract, particularly due to an increase in rates and/or the volumes distributed or processed, new contracts, acquisitions of assets allocated to a contract or a specific project.

External growth: external growth covers acquisitions during the current fiscal year, as well as those which have had a partial impact on the previous fiscal year, net of sales of entities and/or assets.

EBIT: Earnings Before Interest and Taxes. EBIT corresponds to net revenue minus operating expenses (such as salaries, social charges, materials, energy, research, services, external services, advertising, etc.). It is the operating income for the Cegedim Group.

EBIT from recurring operations: this is EBIT restated to take account of non-current items, such as losses on tangible and intangible assets, restructuring, etc. It corresponds to the operating income from recurring operations for the Cegedim Group.

EBITDA: Earnings before interest, taxes, depreciation and amortization. EBITDA is the term used when amortization or depreciation and revaluations are not taken into account. "D" stands for depreciation of tangible assets (such as buildings, machines or vehicles), while "A" stands for amortization of intangible assets (such as patents, licenses and goodwill). EBITDA is restated to take account of non-current items, such as losses on tangible and intangible assets, restructuring, etc. It corresponds to the gross operating earnings from recurring operations for the Cegedim Group.

Net Financial Debt: this represents the Company's net debt (non-current and current financial debt, bank loans, debt restated at amortized cost and interest on loans) net of cash and cash equivalents and excluding revaluation of debt derivatives.

Free cash flow: free cash flow is cash generated, net of the cash part of the following items: (i) changes in working capital requirements, (ii) transactions on equity (changes in capital, dividends paid and received), (iii) capital expenditure net of transfers, (iv) net financial interest paid and (v) taxes paid.

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

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

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

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 3,500 people in 11 countries and generated revenue of €494 million in 2014. Cegedim SA is listed in Paris (EURONEXT: CGM).

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

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