cegedim

PRESS RELEASE

Quarterly Financial Information as of September 30, 2016
IFRS - Regulated Information – Not Audited

Cegedim: robust revenue growth continued in third quarter 2016, and the decline in EBITDA slowed

- Revenue up 4.9% like for like in Q3 2016
- Margins temporarily pinched by investments and the start of operations with BPO clients
- Positive net income of €3.4 million compared with a loss a year ago
- 2016 revenue target revised upward and 2016 EBITDA target maintained

Disclaimer: Pursuant to IAS 17 as it applies to Cegelease's activities, leases are now classified as financial leases, resulting in an adjustment to the quarterly 2015 figures published in 2015. Readers should refer to the last annexes of this press release for full details of the adjustments. All of the figures in this press release reflect the adjustments. Furthermore, the consolidated data presented in this press release relate to continuing activities, unless otherwise mentioned.

CONFERENCE CALL ON NOVEMBER 29, 2016, AT 6:15PM CET

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Boulogne-Billancourt, November 29, 2016

Cegedim, an innovative technology and services company, posted consolidated first nine months of 2016 revenues of €318.3 million, up 3.7% on a reported basis and 4.0% like for like compared with the same period in 2015. EBITDA came to €40.6 million in first nine months of 2016, down 22.4% year on year.
In the third quarter 2016, revenues came to €102.8 million, up 2.6% on a reported basis and 4.9% like for like. The Q3 2016 EBITDA came to €14.9 million, down 13.4% year on year.

The revamp of the business model continues and will allow *Cegedim* to enjoy greater customer loyalty, closer client relationships, simpler operating processes, more robust offerings and stronger geographic positions. The changes now under way will also boost the share of recurring revenues, improve sales growth and predictability, and enhance the Group's profitability. Profitability has been negatively affected during this business model transition. *Cegedim* expects to begin seeing the initial positive impact of its investments, reorganizations and transformations in 2017, with a full impact in 2018.

As proof that its clients see the relevance of its new strategy, *Cegedim* is revising its 2016 revenue target upward once again, and reiterates its 2016 EBITDA target. However, there is a chance that recently signed BPO contracts could negatively affect profitability in the fourth quarter of 2016, since related revenues will not be recognized until 2017.

Simplified income statement

	9M 2016		9M 2015		Chg.
	In €m	In %	**In €m**	In %	**In %**
Revenue	**318.3**	100.0%	**306.9**	100.0%	**+3.7%**
EBITDA	**40.6**	12.7%	**52.3**	17.0%	(22.4)%
Depreciation	**(25.3)**	-	**(22.4)**	-	+12.7%
EBIT before special items	**15.3**	4.8%	**29.9**	9.7%	**(48.9)%**
Special items	**(5.7)**	-	**(5.0)**	-	+14.3%
EBIT	**9.6**	3.0%	**24.8**	8.1%	**(61.6)%**
Cost of net financial debt	**(25.2)**	-	**(32.7)**	-	(22.9)%
Tax expenses	**(1.4)**	-	**(2.5)**	-	(42.8)%
Consolidated profit from continuing activities	**(15.5)**	(4.9)%	**(9.0)**	(2.9)%	**(72.9)%**
Net earnings from activities held for sale	**(1.2)**	-	**32.2**	-	n.m.
Profit attributable to the owners of the parent	**(16.8)**	(5.3)%	**23.2**	7.6%	n.m.
EPS before special items	**(0.7)**	-	**(0.3)**	-	(146.4)%

Over the third quarter of 2016, *Cegedim* posted consolidated revenues of €102.8 million, up 2.6% on a reported basis. Excluding an unfavorable currency translation effect of 2.3%, revenues rose 4.9%. There were no disposals or acquisitions. In like-for-like terms the *Health Insurance, HR and e-services* division's revenues rose by 9.5%, whereas the *Healthcare professionals* division's revenues fell by 0.7%.

In the first nine months of 2016, *Cegedim* posted consolidated revenues of €318.3 million, up 3.7% on a reported basis. Excluding an unfavorable currency translation effect of 1.4% and a 1.1% boost from acquisitions, revenues rose 4.0%. In like-for-like terms the *Health Insurance, HR and e-services* division's revenues rose by 9.5%, whereas the *Healthcare professionals* division's revenues fell by 2.3%.

EBITDA declined by €11.7 million, or 22.4%, to €40.6 million. The first-nine month's margin fell to 12.7% from 17.0% a year earlier. The EBITDA trend was attributable to investments made in human resources and innovation in order to speed up the transition of software products to cloud-based formats and swiftly roll out the Group's new BPO offerings. It is worth noting that more than 80% of this decline occurred during the first half of 2016.

Depreciation charges rose €2.9 million, from €22.4 million for the first nine months of 2015 to €25.3 million for the first nine months of 2016. Amortization of R&D expenses over the period amounted to 1.0 million.

EBIT from recurring operations fell €14.6 million over the first nine months of 2016, or 48.9%, to €15.3 million. The margin fell from 9.7% for the first nine months of 2015 to 4.8% for the first nine months of 2016.

Special items amounted to a €5.7 million charge over the first nine months of 2016 compared with a €5.0 million charge a year earlier. The increase was chiefly due to the increase in restructuring costs due to the implementation of new organizational structures.

The net cost of financial debt amounted to €25.2 million over the first nine months of 2016 compared to €32.7 million for the first months of 2015, a decrease of €7.5 million, or 22.9%. It represented 7.9% of first nine months 2016 revenues, compared with 10.7% of first nine months 2015 revenues. This decline reflects lower interest expenses in the second and third quarters as a result of the debt restructuring carried out in January and March 2016.

Tax amounted to €1.4 million for the first nine months of 2016, compared with €2.5 million for the first nine months of 2015, a decrease of €1.1 million, or 42.8%. This was chiefly due to the lack of corporate income tax.

Thus, the **consolidated net result from continuing activities** came to a loss of €15.5 million at end-September 2016, compared with a loss of €9.0 million in the year-earlier period. **Earnings per share before special items** came to loss of €0.7 at end of September 2016, compared with a €0.3 loss a year earlier. Note that **consolidated net result from continuing activities** came to €3.4million profit in the third quarter, compared with a €0.7 million loss a year earlier.

Analysis of business trends by division

- **Key figures by division**

In €m	Revenue 9M 2016	Revenue 9M 2015	EBIT before special items 9M 2016	EBIT before special items 9M 2015	EBITDA 9M 2016	EBITDA 9M 2015
Health Insurance, HR and e-services	185.2	166.2	15.4	18.0	26.8	29.9
Healthcare Professionals	130.8	138.0	2.3	13.3	12.1	21.8
Activities not allocated	2.3	2.8	(2.4)	(1.4)	1.6	0.6
Cegedim	**318.3**	**306.9**	**15.3**	**29.9**	**40.6**	**52.3**

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

Over the first nine months of 2016, division revenues came to €185.2 million, up 11.4% on a reported basis. The July 2015 acquisition of Activus in the UK made a positive contribution of 2.0%. Currencies had virtually no impact. Like-for-like revenues rose 9.5% over the period.
The *Health insurance, HR and e-services* division represented 58.2% of consolidated revenues from continuing activities, compared with 54.1% over the same period a year earlier.
The division's Q3 2016 revenues came to €60.6 million, up 9.3% on a reported basis. There were no disposals or acquisitions. Currencies had virtually no impact. Like-for-like revenues rose 9.5% over the period:

This significant revenue growth over the first nine months of 2016 was chiefly attributable to:

- *Cegedim Insurance Solutions*, driven by double-digit growth in its *iGestion* BPO activities and a brisk increase in third-party payment processing. The start of operations with new clients allowed the software and services business for the personal insurance segment to more than offset the effects of switching over to the cloud.
- Double-digit growth at *Cegedim e-business* following the start of operations with new clients on its *Global Information Services* SaaS platform for digital data exchanges, including payment platforms.
- The start of operations with numerous clients on the *Cegedim SRH* SaaS platform for human resources management, resulting in double-digit revenue growth.

Over the first nine months of 2016, division EBITDA came to €26.8 million, down €3.1 million, or 10.4%. The EBITDA margin came to 14.5%, vs. 18.0% a year earlier.
In the third quarter of 2016, division EBITDA came €9.0 million, slightly down €0.2 million, or 2.1%. The EBITDA margin came to 14.8%, vs. 16.6% a year earlier.

The decline in EBITDA took place almost entirely in the first half of 2016, as third-quarter EBITDA was virtually stable. The decline in the first half was chiefly the result of:

- The start of operations with BPO clients for *iGestion* and *Cegedim e-business*;
- *Cegedim Insurance Solutions* switching its core products over to SaaS format, the start of operations with numerous new clients, and the start of new projects for existing clients;
- A difference in the timing of promotional campaigns in the first half of 2016 compared to 2015 for *RNP*;

The impact was partially offset by *Cegedim SRH's* fine performance in processing third-party payment flows

- **Healthcare professionals**

Over the first nine months of 2016, division revenues came to €130.8 million, down 5.2% on a reported basis. Currency effects made a negative contribution of 2.9%. There was no impact from acquisitions or divestments. Like-for-like revenues fell 2.3% over the period.
The *Healthcare professionals* division represented 41.1% of consolidated revenues from continuing activities, compared with 45.0% over the same period a year earlier.
The division's Q3 2016 revenues came to €41.5 million, down 5.6% on a reported basis. Currency effects made a negative contribution of 4.9%. There was no impact from acquisitions or divestments. Like-for-like revenues fell 0.7% over the period.

The decline in revenues over the first nine months of 2016 was mainly due to the following:

- A slowing in the UK doctor computerization business in anticipation of the early-2017 launch of a cloud-based offering. Marketing for that offering should restore sales momentum;
- The September 2016 release in France of the new *Smart Rx* offering – a comprehensive pharmacy management solution built around a hybrid architecture that combines local and cloud-based computing. The new solution allows networks amongst individual pharmacies and links with healthcare professionals. Thus, revenues at the French pharmacy business are likely to resume their growth in the next few months.
- The negative short-term impact of switching Belgian doctors over to SaaS format.

These performances were offset mainly by a double-digit growth:

- At *Pulse*, driven by the RCM and EHR activities.
- In offerings for physical therapists and nurses in France.

Over the first nine months of 2016, division EBITDA came to €12.1 million, down €9.6 million, or 44.3%. The EBITDA margin came to 9.3%, vs. 15.8% a year earlier.
In the third quarter of 2016, division EBITDA came €4.7 million, slightly down €2.9 million, or 38.2%. The EBITDA margin came to 11.4%, vs. 17.3% a year earlier.

The decline in EBITDA was chiefly attributable to investments made to ensure future growth. The Group was chiefly penalized by the investments it made in:

- France, to develop the new hybrid offering for pharmacies;
- The US, focusing on Revenue Cycle Management (RCM) activities and SaaS electronic health records (EHR);
- The UK, where it aims to have a cloud-based offering for UK doctors in 2017

EBITDA felt a pinch in the short term from efforts to switch Belgian doctors over to SaaS format and reorganize the business in the US.

- **Activities not allocated**

Over the first nine months of 2016, division revenues came to €2.3 million, down 15.4% on a reported basis and like for like. There were no currency effects and no acquisitions or divestments.

The *Activities not allocated* division represented 0.7% of consolidated revenues from continuing activities, compared with 0.9% over the same period a year earlier.

The division's Q3 2016 revenues came to €0.8 million, down 8.7% on a reported basis and like for like. There were no currency effects and no acquisitions or divestments.

This trend reflects the return to a normal level of billing.

Over the first nine months of 2016, division EBITDA came to €1.6 million, up €1.0 million. In the third quarter of 2016, division EBITDA came €1.2 million, up €0.8 million.

Financial resources

Cegedim's consolidated total balance sheet amounted to €659.9 million, at September 30, 2016,

Acquisition goodwill represented €183.8 million at September 30, 2016, compared with €188.5 million at end-2015. The €4.7 million decrease, equal to 2.5%, was mainly attributable to the euro's appreciation against the British pound, for a total of €4.8 million. Acquisition goodwill represented 27.9% of the total balance sheet at September 30, 2016, compared with 21.8% on December 31, 2015.

Cash and equivalents came to €9.1 million at September 30, 2016, a decrease of €222.2 million compared with December 31, 2015. The drop was principally due to the early redemption of the 2020 bond for a nominal value of €340.1 million, payment of a €15.9 million early redemption premium, and an €9.8 million deterioration in WCR, partly offset by drawing €169.0 million from the €200 million revolving credit facility. Cash and equivalents represented 1.4% of the total balance sheet at September 30, 2016, compared with 26.8% at December 31, 2015.

Shareholders' equity fell by €32.7 million, i.e. 14.3%, to €195.4 million at September 30, 2016, compared with €228.1 million at December 31, 2015. Shareholders' equity represented 29.6% of the total balance sheet at end-September 2016, compared with 26.4% at end-December 2015.

Net financial debt amounted to €215.6 million at end-September 2016, up €48.0 million compared with end-December 2015. It represented 110.3% of Group shareholders' equity at September 30, 2016.

Before the net cost of financial debt and taxes, cash flow was €44.6 million at September 30, 2016, compared with €51.5 million at September 30, 2015.

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.

- **New credit facility**

In January 2016, the Group took out a new five-year revolving credit facility (RCF) of €200 million. The applicable interest rate for this credit facility is Euribor plus a margin. The Euribor rate can be the 1-, 3- or 6- month rate; if Euribor is below zero, it will be deemed to be equal to zero. The margin can range from 0.70% to 1.40% depending on the leverage ratio calculated semi-annually in June and December (Refer to point 2.4.1.1 on page 14 of the Q2-2016 Quarterly Financial Report).

- **Exercise of the call option on the entire 2020 bond**

On April 1, 2016, *Cegedim* exercised its call option on the entire 6.75% 2020 bond with ISIN code XS0906984272 and XS0906984355, for a total principal amount of €314,814,000.00 and a price of 105.0625%, i.e. a total premium of €15,937,458.75. The company then cancelled these securities. The transaction was financed by drawing a portion of the RCF obtained in January 2016 and using the proceeds of the sale to IMS Health. Following this transaction, the Group's debt comprised the €45.1 million FCB subordinated loan, the partially drawn €200 million RCF, and overdraft facilities.

- **S&P has raised *Cegedim's* rating to BB with positive outlook**

After *Cegedim* announced that it would redeem the entire 6.75% 2020 bond, rating agency Standard and Poor's raised the company's rating on April 28, 2016, to BB with a positive outlook.

Significant post-closing transactions and events

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.

- **Cegedim signs heads of agreement to acquire Futuramedia Group**

Cegedim announced on November 2, 2016, that it has signed a heads of agreement to acquire *Futuramedia Group*. This deal will strengthen the digital offerings of its subsidiary *RNP*, which specializes in pharmacy displays in France.

Last year *Futuramedia Group* generated revenues of around €5.4 million. It will have an accretive impact on *Cegedim* Group's margins and will begin contributing to the Group's consolidation scope from December 1, 2016.

- **Kadrige sale**

The Kadrige business was sold to IMS Health on November 9, 2016.

Outlook

Cegedim is revising upward its target for 2016 revenues and maintained it 2016 EBITDA target, despite economic uncertainty and a challenging geopolitical environment. Thus for the full year 2016, Cegedim expects:

- Like-for-like revenue growth of 4% instead of at least 3% before.
- EBITDA down by €10 million relative to 2015. However, the signing of a significant BPO contracts in third quarter 2016 could have an impact on Group profitability in fourth quarter 2016, because revenues related to the contract will not be booked until 2017.

Cegedim expects to begin seeing the initial positive impact of its investments, reorganizations and transformations in 2017, with a full impact in 2018.

In 2016, the Group acquired Futuramedia. It currently has no plans for further significant acquisitions. Lastly, the Group does not communicate earnings estimates or forecasts.

- **Potential Brexit impact**

In 2015, the UK accounted for 15.1% of consolidated Group revenues and 19.2% of consolidated Group EBIT.

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 EBIT.

With regard to healthcare policy, the Group has not identified any major European programs at work in the UK and expects UK policy to be only marginally affected by Brexit.

- **Quarterly statements**

Starting in 2017, Cegedim will only publish half-year and annual results. It will, however, continue to publish quarterly revenues.

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 points 2.4, "Risk factors and insurance", and 3.7, "Outlook", of the 2015 Registration Document filed with the AMF on March 31, 2016, as well as point 2.4, "Risk factors", of the Interim Financial Report of Q3 2016.

Financial calendar

December 14, 2016, at 1:30pm	7th Investor Day
January 26, 2017, after market closing	Full year 2016 revenue
March 22, 2017, after market closing	Full year 2016 earnings
March 23, 2017, at 10:00am CET	Analyst meeting (SFAF meeting)
April 27, 2017, after market closing	Q1 2017 revenues

November 29, 2016, at 6:15pm (Paris time)

The Group will hold a conference call hosted by Jan Eryk Umiastowski, Cegedim Chief Investment Officer and Head of Investor Relations.
The Q3 2016 earnings presentation is available at:

The website: http://www.cegedim.fr/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

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Informations additionnelles

The Audit Committee met on November 25, 2016, and the Board of Directors met on November 29, 2016, to review the Q3 2016 consolidated financial statements.

The interim financial report for Q3 2016 is available:

- on our website

In French: http://www.cegedim.fr/finance/documentation/Pages/rapports.aspx

In English: http://www.cegedim.com/finance/documentation/Pages/reports.aspx

- on Cegedim IR, the Group's financial communications app

To download the app, visit http://www.cegedim.fr/finance/profil/Pages/CegedimIR.aspx.

Appendices

Balance sheet as September 30, 2016

- **Assets as of September 30, 2016**

In thousands of euros	*09.30.2016*	*12.31.2015[(1)]*
Goodwill on acquisition	**183,814**	**188,548**
Development costs	38,719	16,923
Other intangible fixed assets	96,157	108,166
Intangible fixed assets	**134,876**	**125,089**
Property	459	459
Buildings	4,824	5,021
Other tangible fixed assets	20,123	16,574
Construction work in progress	684	51
Tangible fixed assets	**26,090**	**22,107**
Equity investments	1,098	1,098
Loans	3,138	3,146
Other long-term investments	5,719	5,730
Long-term invetsments – excluding equity shares in equity method companies	**9,956**	**9,973**
Equity shares in equity method companies	9,780	10,105
Government – Deferred tax	29,672	28,722
Accounts receivable: Long-term portion	26,916	26,544
Other receivables: Long-term portion	407	1,132
Non-current assets	**421,511**	**412,219**
Services in progress	-	0
Goods	10,429	8,978
Advances and deposits received on orders	1,012	218
Accounts receivables: Short-term portion	155,039	161,923
Other receivables: Short-term portion	48,929	32,209
Cash equivalents	8,000	153,001
Cash	1,142	78,298
Prepaid expenses	13,023	16,666
Current Assets	**237,575**	**451,293**
Assets of activities held for sale	840	768
Total Assets	**659,925**	**864,280**

(1) Restated see note "Correction of the accounting treatment of the finance lease business in the group consolidated financial statement.

- **Liabilities and shareholders' equity as of September 30, 2016**

In thousands of euros	*09.30.2016*	*12.31.2015[1]*
Share capital	13,337	13,337
Group reserves	202,113	139,287
Group exchange gains/losses	(3,283)	8,469
Group earnings	(16,782)	66,957
Shareholders' equity, Group share	**195,384**	**228,051**
Minority interests (reserves)	9	39
Minority interests (earnings)	10	41
Minority interests	19	79
Shareholders' equity	**195,403**	**228,130**
Long-term financial liabilities	220,518	51,723
Long-term financial intruments	2,517	3,877
Deferred tax liabilities	6,131	6,731
Non-current provisions	26,064	19,307
Other non-current liabilities	13,208	14,376
Non-current liabilities	**268,439**	**96,014**
Short-term financial liabilities	4,242	347,213
Short-term financial instruments	5	5
Accounts payable and related accounts	49,858	54,470
Tax and social liabilities	60,623	70,632
Provisions	2,930	2,333
Other current liabilities	77,457	61,657
Current liabilities	**195,116**	**536,311**
Liabilities of activities held for sale	968	3,823
Total Liabilities	**659,925**	**864,280**

(1) Restated see note "Correction of the accounting treatment of the finance lease business in the group consolidated financial statement".

- **Income statements as of September 30, 2016**

In thousands of euros	*09.30.2016*	*09.30.2015[1]*
Revenue	**318,345**	**306,889**
Other operating activities revenue	-	-
Purchased used	(24,704)	(26,600)
External expenses	(93,962)	(81,696)
Taxes	(5,469)	(7,858)
Payroll costs	(150,447)	(136,258)
Allocations to and reversals of provisions	(2,952)	(2,739)
Change in inventories of products in progress and finished products	-	-
Other operating income and expenses	(249)	555
EBITDA	**40,562**	**52,294**
Depreciation expenses	(25,295)	(22,444)
Operating income from recurring operations	**15,267**	**29,850**
Depreciation of goodwill	-	-
Non-recurrent income and expenses	(5,717)	(5,003)
Other exceptional operating income and expenses	**(5,517)**	**(5,003)**
Operating income	**9,550**	**24,847**
Income from cash and cash equivalents	1,056	1,202
Gross cost of financial debt	(27,215)	(32,775)
Other financial income and expenses	914	(1,153)
Cost of net financial debt	**(25,245)**	**(32,726)**
Income taxes	(579)	(2,134)
Deferred taxes	(867)	(394)
Total taxes	**(1,446)**	**(2,528)**
Share of profit (loss) for the period of equity method companies	1,613	1,428
Profit (loss) for the period from continuing activities	(15,528)	(8,979)
Profit (loss) for the period from discontinued activities	(1,244)	32,186
Consolidated profit (loss) for the period	(16,772)	23,207
Group share	**(16,782)**	**23,217**
Minority interests	10	(10)
Average number of shares excluding treasury stock	13,955,230	13,934,479
Current Earnings Per Share (in euros)	**(0.7)**	**(0.3)**
Earnings Per Share (in euros)	**(1.2)**	**1.7**
Dilutive instruments	None	None
Earning for recurring operation per share (in euros)	**(1.2)**	**1.7**

(1) Restated see note "Correction of the accounting treatment of the finance lease business in the group consolidated financial statement.

- **Consolidated cash flow statement as of September 30, 2016**

In thousands of euros	*09.30.2016*	*09.30.2015*[(1)]
Consolidated profit (loss) for the period	(16,772)	23,207
Share of earnings from equity method companies	(1,613)	(1,470)
Depreciation and provisions	36,395	22,929
Capital gains or losses on disposals	(86)	(30,687)
Cash flow after cost of net financial debt and taxes	**17,925**	**13,979**
Cost of net financial debt	25,262	31,758
Tax expenses	1,448	5,744
Operating cash flow before cost of net financial debt and taxes	**44,636**	**51,481**
Tax paid	(3,743)	(9,877)
Change in working capital requirements for operations: requirement	(9,849)	(23,097)
Cash flow generated from operating activities after tax paid and change in working capital requirements (A)	**31,044**	**18,507**
Of which net cash flows from operating activities of held for sales	*2,019*	*5,177*
Acquisitions of intangible assets	(33,667)	(30,381)
Acquisitions of tangible assets	(10,496)	(9,731)
Acquisitions of long-term investments	-	-
Disposals of tangible and intangible assets	699	1,532
Disposals of long-term investments	(265)	1,604
Impact of changes in consolidation scope	(1,448)	319,370
Dividends received from equity method companies	-	81
Net cash flows generated by investment operations (B)	**(45,177)**	**282,475**
Of which net cash flows connected to investment operations of activities held for sales	*(13)*	*(7,482)*
Dividends paid to parent company shareholders	-	-
Dividends paid to the minority interests of consolidated companies	(87)	(69)
Capital increase through cash contribution	-	-
Loans issued	169,000	-
Loans repaid	(340,259)	(144,457)
Interest paid on loans	(31,630)	(41,530)
Other financial income and expenses paid or received	(995)	(643)
Net cash flows generated by financing operations (C)	**(203,971)**	**(186,699)**
Of which net cash flows related to financing operations of activities held for sales	*(16)*	*(850)*
Change In Cash without impact of change in foreign currency exchange rates (A + B + C)	**(218,104)**	**114,283**
Impact of changes in foreign currency exchange rates	(954)	2,850
Change in cash	**(219,057)**	**117,133**
Opening cash	228,120	99,715
Closing cash	9,062	216,848

(1) Restated see note "Correction of the accounting treatment of the finance lease business in the group consolidated financial statement"

- **Correction of the accounting treatment of the finance lease business in the group consolidated financial statement**

Cegelease is a wholly owned subsidiary of *Cegedim* which offers since 2001 financing options through a variety of contracts dedicated to pharmacies and healthcare professionals in France.

Initially, these solutions were aimed at serving the pharmacists, who preferred leasing instead of paying up-front, the pharmacies management system software that they bought from the Cegedim group.

As time passed, *Cegelease* diversified its activities. Starting as the exclusive finance lease provider for Cegedim group products, *Cegelease* converted to a broker proposing a variety of leasing solutions (for group products as well as products developed by third parties) offered to a variety of clients (including clients who are not already in business with other group entities).

After the sale of its *CRM and strategic data* business to IMS Health, *Cegedim* investigated in depth these activities and found that they had to be reclassified pursuant to IAS 17 on March 23, 2016 when the 2015 accounts were published.

All the impacts on previous accounts are indicated in the 2015 Registration Document filled with the AMF on March 31, 2016 in Chapter 4.4 point 1.3 on page 89 to 94, as well as in the Q1 2016 Financial Interim Report in point 2.5.1 on page 17 to 19, in the Q2 2016 Financial Interim Report in point 2.5.1 on page 17 and in the Q3 2016 Financial Interim Report in point 2.5.1 on page 17.

Impacts for the first nine months of 2015 consolidated financial statements are described below:

- **First nine months of 2015 Profit and Loss Statement**

In € million	*09.30.2015 reported(1)*	*Correction of leases*	*09.30.2015 restated*
Revenue	**365,270**	**(58,381)**	**306,889**
Other operating activities revenue	-	-	-
Purchases used	(64,883)	38,284	(26,600
External expenses	(92,014)	10,318	(81,696)
Taxes	(7,858)		(7,858)
Payroll costs	(136,258)	-	(136,258)
Allocations to and reversals of provisions	(2,739)	-	(2,739)
Change in inventories of products in progress and finished products	-	-	-
Other operating income and expenses	555	-	555
EBITDA	**62,073**	**(9,780)**	**52,294**
Depreciation expenses	(32,047)	9,603	(22,444)
Operating income from recurring operations	**30,026**	**(176)**	**29,850**
Depreciation of goodwill	-	-	-
Non-recurrent income and expenses	(5,003)	-	(5,003)
Other exceptional operating income and expenses	**(5,003)**	**-**	**(5,003)**
Operating income	**25,024**	**(176)**	**24,847**
Income from cash and cash equivalents	1,202	-	1,202
Gross cost of financial debt	(32,775)	-	(32,775)
Other financial income and expenses	(1,153)	-	(1,153)
Cost of net financial debt	**(32,726)**	**-**	**(32,726)**
Income taxes	(2,134)	-	(2,134)
Deferred taxes	(461)	67	(394)
Total taxes	**(2,595)**	**67**	**(2,528)**
Share of profit (loss) for the period of equity method companies	1,428	-	1,428
Profit (loss) for the period from continuing activities	(8,869)	(109)	(8,979)
Profit (loss) for the period discontinued activities	32,185	-	32,186
Consolidated profit (loss) for the period	23,316	(109)	23,207
Group share	**23,326**	**(109)**	**23,217**
Minority interests	(10)		(10)

(1) Restated from the IFRS 5 Cegedim Kadrige impact.

- **First months of 2015 Cash Flows Statement**

In € million	*09.30.2015 reported[1]*	*Correction of leases*	*09.30.2015 restated*
Consolidated profit (loss) for the period	**23,316**	**(109)**	**23,207**
Share of earnings from equity method companies	(1,470)	-	(1,470)
Depreciation and provisions	32,532	(9,603)	22,929
Capital gains or losses on disposals	(30,687)	-	(30,687)
Cash flow after cost of net financial debt and taxes	**23,691**	**(9,712)**	**13,979**
Cost of net financial debt	31,758	-	31,758
Tax expenses	5,811	(67)	5,744
Operating cash flow before cost of net financial debt and taxes	**61,260**	**(9,779)**	**51,481**
Tax paid	(9,877)	-	(9,877)
Change in working capital requirements for operations: requirement	(21,370)	(1,727)	(23,097)
Change in working capital requirements for operations: surplus			
Cash flow generated from operating activities after tax paid and change in working capital requirements (A)	**30,013**	**(11,506)**	**18,507**
Of which net cash flows from operating activities of held for sales	*5,177*	-	*5,177*
Acquisitions of intangible assets	(30,615)	234	(30,381)
Acquisitions of tangible assets	(21,003)	11,272	(9,731)
Acquisitions of long-term investments	-	-	-
Disposals of tangible and intangible assets	1,532	-	1,532
Disposals of long-term investments	1,604	-	1,604
Impact of changes in consolidation scope (1)	319,370	-	319,370
Dividends received from equity method companies	81	-	81
Net cash flows generated by investment operations (B)	**270,969**	**11,506**	**282,475**
Of which net cash flows connected to investment operations of activities held for sales	*(7,482)*	-	*(7,482)*
Dividends paid to parent company shareholders	-	-	-
Dividends paid to the minority interests of consolidated companies	(69)	-	(69)
Capital increase through cash contribution	-	-	-
Loans issued	-	-	-
Loans repaid	(144,457)	-	(144,457)
Interest paid on loans	(41,530)	-	(41,530)
Other financial income and expenses paid or received	(643)	-	(643)
Net cash flows generated by financing operations (C)	**(186,699)**	**-**	**(186,699)**
Of which net cash flows related to financing operations of activities held for sales	*(850)*	-	*(850)*
Change In Cash without impact of change in foreign currency exchange rates (A + B + C)	**114,283**	**-**	**114,283**
Impact of changes in foreign currency exchange rates	2,850	-	2,850
Change in cash	**117,133**	**-**	**117,133**
Opening cash	99,715	-	99,715
Closing cash	216,848	-	216,848

(1) Restated from the IFRS 5 Cegedim Kadrige impact.

- **First nine months of 2015 Revenue per division**

In € million	09.30.2015 reported	IFRS 5 impact Cegedim Kadrige	Correction of leases	Divisions aggregation	09.30.2015 restated
		(1)	*(2)*	*(3)*	
Health Insurance H.R. & e-services	167.5	(1.3)	-	-	166.2
Healthcare Professionals	113.0	-	-	24.9	137.9
Cegelease	83.3	-	(58.4)	(24.9)	-
Activities not allocated	2.8	-	-	-	2.8
Group Cegedim	**366.6**	**(1.3)**	**(58.4)**	**0**	**306.9**

(1) The Cegedim Group decided to sell the Kadrige activities. These activities are thus isolated in separate lines of the profit and loss statement and balance sheet, according to the IFRS 5 accounting standard.

(2) The correct accounting treatment of the Cegelease finance lease business, for all types of contracts (self-financed, sold except process management, or backed against a bank) requires a correction over the first nine months of 2015 consolidated revenue of €58.4m downward.

(3) The finance lease business accounts for less than 10% of the consolidated revenue or EBITDA, and as such is not isolated anymore within the Group internal reporting. These activities are reported into the « Healthcare professionals » division, where they already belonged until the 2014 annual closing.

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 before special items: 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.

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

EBIT margin before special items: defined as the ratio of EBIT before special items/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 more than 4,000 people in 11 countries and generated revenue of €426 million in 2015. Cegedim SA is listed in Paris (EURONEXT: CGM).

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