

## PRESS RELEASE

Quarterly Financial Information as of June 30, 2017  
IFRS - Regulated Information - Not Audited

### Cegedim: all divisions helped grow like-for-like revenues in first half 2017

- Like-for-like revenues rose 6.4% in H1 2017
- Business model transformation is still going strong
- Cegelease business slated for sale

**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 July 27, no earlier than 5:45 pm Paris time. The following terms are defined in the Glossary.

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**CONFERENCE CALL ON JULY 27, 2016, AT 6:00PM CET**

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### Boulogne-Billancourt, France, July 27, 2017 after the market close

**Cegedim**, an innovative technology and services company, posted consolidated Q2 2017 revenues of €116.9 million, up 7.0% on a reported basis and 6.0% like-for-like compared with the same period in 2016.

**For the first half of 2017 consolidated revenues came to €230.6 million up 7.0% on a reported basis and 6.4% like-for-like compared with the same period in 2016.**

All of the divisions helped grow the Group's like-for-like (LFL) growth in the second quarter and first half compared with a year ago.

Growth at the *Health insurance, HR and e-services* division remained robust, with year-on-year (y/y) increases LFL of 7.3% in the second quarter and 9.8% in the first half of 2017.

Over the same period, the *Healthcare professionals* division returned to LFL growth in the second quarter. It's 3.8% y/y increase brought the division's LFL first-half growth to 1.4% compared with the year-earlier period. Growth was buoyed by computerization solutions for pharmacists, doctors, nurses and physical therapists in France, and for doctors in Belgium, Spain and the US. *Cegelease*, the financial lease business, also helped boost revenues.

Part of this growth came from the Group's BPO businesses, most of which are still ramping up their operations. As a result, they will negatively affect Group profitability in 2017.

The business model transformation initiated in fall 2015 is beginning to pay off, and we expect to see the full impact in 2018.

To continue its business model transformation and refocus its strategy, Cegedim is contemplating divestment of its *Cegelease* and *Eurofarmat* subsidiaries. These subsidiaries operate principally in the financial domain, are highly valued, and require additional resources to continue pursuing and accelerating their development for the benefit of their clients and employees.

## Revenue trends by division

- In the second quarter of 2017

In € million	Second quarter			
	2017	2016	Chg. L-f-I	Chg. Reported
Health insurance, HR and e-services	71.7	64.8	+7.3%	+10.5%
Healthcare professionals	44.3	43.7	+3.8%	+1.5%
Activities not allocated	0.9	0.8	+19.4%	+19.4%
<b>Cegedim</b>	<b>116.9</b>	<b>109.3</b>	<b>+6.0%</b>	<b>+7.0%</b>

In the second quarter of 2017, *Cegedim* posted consolidated revenues of €116.9 million, up 7.0% on a reported basis. Excluding an unfavorable currency translation effect of 1.1% and a 2.1% boost from acquisitions, revenues rose 6.0%.

The unfavorable currency translation effect of €1.2 million, or 1.1%, was chiefly due to the €1.3 million negative impact of the pound sterling, which represents 10.7% of Group revenues.

The €2.3 million positive impact from acquisitions, or 2.1%, was mainly due to the acquisition of *Futuramedia* in France in November 2016.

All of the divisions improved in like-for-like terms. *Health insurance, HR and e-services* division revenues rose by 7.3%, and *Healthcare professionals* division revenues rose by 3.8%.

- In the first half of 2017

In € million	Half-year			
	2017	2016	Chg. L-f-I	Chg. Reported
Health insurance, HR and e-services	140.3	124.6	+9.8%	+12.6%
Healthcare professionals	88.4	89.4	+1.4%	(1.1)%
Activities not allocated	2.0	1.6	+26.2%	+26.2%
<b>Cegedim</b>	<b>230.6</b>	<b>215.5</b>	<b>+6.4%</b>	<b>+7.0%</b>

In the first half of 2017, *Cegedim* posted consolidated revenues of €230.6 million, up 7.0% on a reported basis. Excluding an unfavorable currency translation effect of 1.2% and a 1.8% boost from acquisitions, revenues rose 6.4%.

The unfavorable currency translation effect of €2.6 million, or 1.2%, was chiefly due to the €2.8 million negative impact of the pound sterling, which represents 10.9% of Group revenues.

The €3.9 million positive impact from acquisitions, or 1.8%, was mainly due to the acquisition of *Futuramedia* in France in November 2016.

All of the divisions improved in like-for-like terms. *Health insurance, HR and e-services* division revenues rose by 9.8%, and *Healthcare professionals* division revenues rose by 1.4%.

## Analysis of business trends by division

- Health insurance, HR and e-services

The division's first half 2017 revenues came to €140.3 million, up 12.6% on a reported basis. The November 2016 acquisition of *Futuramedia* in France made a positive contribution of 3.1%. Currency effects made a negative contribution of 0.3%. Like-for-like revenues rose 9.8% over the period.

The *Health insurance, HR and e-services* division represented 60.8% of consolidated revenues, compared with 57.8% over the same period a year earlier.

The division's second quarter 2017 revenues came to €71.7 million, up 10.5% on a reported basis. The November 2016 acquisition of *Futuramedia* in France made a positive contribution of 3.5%. Currency effects made a negative contribution of 0.3%. Like-for-like revenues rose 7.3% over the period.

Growth was driven mainly by:

- Continued double-digit growth at *Cegedim SRH*, as work began with several new clients of the SaaS platform for HR management;
- Strong sales momentum leading to the start of work with several new clients of the SaaS platform for electronic data exchange, *Global Information Services*, including payment platforms. As a result, *Cegedim e-business* posted double-digit revenue growth in the first two quarters of 2017;
- Double-digit growth in *iGestion* BPO activities for health insurance companies and mutual insurers;
- The continuation of positive trends – for several quarters now – in third-party payment processing services;
- Modest growth in software and services for the personal insurance market, despite the impact of switching to the SaaS format.

- **Healthcare professionals**

**The division's first half 2017 revenues came to €88.4 million, down 1.1% on a reported basis. Currency effects made a negative contribution of 2.5%. There was virtually no impact from acquisitions or divestments. Like-for-like revenues rose 1.4% over the period.**

**The *Healthcare professionals* division represented 38.3% of consolidated revenues, compared with 41.5% over the same period a year earlier.**

**The division's second quarter 2017 revenues came to €44.3 million, up 1.5% on a reported basis. Currency effects made a negative contribution of 2.4%. There was virtually no impact from acquisitions or divestments. Like-for-like revenues rose 3.8% over the period.**

Second-quarter growth more than offset the decline in the first quarter. The key performances responsible for this positive trend were:

- Double-digit Q2 growth from *Pulse*, the computerization of doctors, and the RCM business in the US. RCM is a BPO-type business and is growing rapidly, with double-digit growth over the first half that will negatively affect EBITDA for the period;
- Computerization products and services for doctors in Belgium, Spain and France, and for French nurses, physical therapists, speech therapists, orthoptists, midwives, and podiatrists;
- Computerization products and services for French pharmacists, which returned to growth thanks to the *Smart Rx* launch of last September. The business confirmed strong momentum in its order intake compared with a year ago;
- A good performance in the first half by the *BCB* scientific database for prescription assistance, prescription fulfillment, and health products.
- *Cegelease*, the financial lease business.

This performance was partly offset by a decline in revenue of computerization solutions to UK doctors pending the release of a full version in SaaS format. The first modules arrived on the market early this year and were well received.

- **Activities not allocated**

**The division's first half 2017 revenues came to €2.0 million, up 26.2% both on a reported basis and like for like. There were no currency effects and no acquisitions or divestments.**

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

**The division's second quarter 2017 revenues came to €0.9 million, up 19.4% both on a reported basis and like for like. There were no currency effects and no acquisitions or divestments.**

This favorable trend reflects an undemanding comparison and good development in the facilities management and data hosting business, including for health data hosting.

## **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.

- **Tessi litigation**

On February 10, 2017, *Cegedim* was ordered to pay €4,636,000 to the Tessi company for failing to meet certain obligations with respect to an asset sale made on July 2, 2007.

*Cegedim* has decided to appeal this decision.

- **Euris litigation**

*Cegedim*, jointly with IMS Health, is being sued by Euris for unfair competition. *Cegedim* has filed a motion claiming that IMS Health should be the sole defendant.

- **Partial interest rate hedging**

To hedge part of its exposure to euro interest rate fluctuations arising from its RCF, the Group carried out an interest rate swap on February 17, 2017. Under the zero-premium swap agreement, *Cegedim* receives the 1-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays a fixed rate of 0.2680% for a notional amount of €50 million, starting on February 28, 2017, and maturing February 26, 2021.

To hedge part of its exposure to euro interest rate fluctuations arising from its RCF, the Group carried out an interest rate swap on May 11, 2017. Under the zero-premium swap agreement, *Cegedim* receives the 1-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays a fixed rate of 0.2750% for a notional amount of €30 million, starting on May 31, 2017, and maturing December 31, 2020.

- **Acquisition of B.B.M. Systems in the UK**

On February 23, 2017, *Cegedim* acquired UK company *B.B.M. Systems* through its *Alliadis Europe Ltd* subsidiary. The deal strengthens the Group's expertise in developing cloud-based products for general practitioners.

*B.B.M. Systems* had 2016 revenues of around €0.7 million and earned a profit. It contributes to the Group's scope of consolidation from March 1, 2017.

- **Changes to Cegedim SA's Board of Directors**

In keeping with the wishes of BPIFrance, Ms. Anne-Sophie Hérelle has been appointed to replace Ms. Valérie Raoul-Desprez on the Board of Directors. The permanent representative of BPIFrance, is now Ms. Marie Artaud-Dewitte, Deputy Head of Legal Affairs at Bpifrance Investissements. She replaces Ms. Anne-Sophie Hérelle.

- **Acquisition of Adaptive Apps in the UK**

On May 3, 2017, *Cegedim* acquired UK company *Adaptive Apps* through its *In Practice Systems Limited* subsidiary. The deal strengthens the Group's expertise in developing cloud-based and mobile products for healthcare professionals.

*Adaptive Apps* had 2016 revenues of around €1.5 million and earned a profit. It contributes to the Group's scope of consolidation from May, 2017.

## **Significant post-closing transactions and events**

To the best of the company's knowledge, apart from the items cited below, there were no events or changes after the accounts were closed that would materially alter the Group's financial situation.

- **Tessi litigation**

On July 21, 2017, *Cegedim* paid €4,636,000 to the Tessi company to comply with a court ruling of February 10, 2017.

*Cegedim* has decided to appeal this decision. The appeal is currently under way

- **Cegelease contemplated disposal**

As part of the business model transformation plan that the Group initiated in fall 2015, *Cegedim* is contemplating divestment of its *Cegelease* and *Eurofarmat* subsidiaries. These subsidiaries operate principally in the financial domain, are highly valued, and require additional resources to continue pursuing and accelerating their development for the benefit of their clients and employees.

The two businesses have 24 employees in France. In 2016 they contributed €5.4 million to Group consolidated EBITDA. The subsidiaries' standalone EBITDA amounted to €18.1 million in 2016.

If the Group receives satisfactory offers and is able to obtain the necessary approvals, it plans to close the deal in the second half of 2017. The Group in no way guarantees that a deal will be carried out.

A successful sale would give the Group a portfolio of businesses that fit well together and generate strong synergies. *Cegedim* is not planning any further divestments.

Assisting *Cegedim* on this transaction are the consulting firm of Ohana & Co and the law firm of Freshfields Bruckhaus Deringer.

### **Outlook**

*Cegedim* continues to reinvent itself in 2017, pursuing innovation and investing in the future by transforming its business model. The business model transformation is well under way, so growth momentum is expected to continue and lead to improving profitability in the future.

Even though our first-half revenue growth was stronger than our current guidance and we do not expect trends in the Group's core businesses to change, *Cegedim* is reiterating its full-year outlook of:

- Like-for-like revenue growth between 4.0% and 6.0%.
- EBITDA in a range of €66.0 million to €72.0 million inclusive.

The above outlook does not reflect the potential divestments of *Cegelease* and *Eurofarmat*.

*Cegedim* expects to see the full positive impact of its investments, reorganization and transformation in 2018.

The Group does not expect any significant acquisitions in 2017 and does not disclose earnings projections or estimates.

- **Potential impact of Brexit**

In 2016, the UK accounted for 12.7% of consolidated Group revenues and 14.8% 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.

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 2016 Registration Document filed with the AMF on March 29, 2017, under number D.17-0255.

**Financial calendar**

<b>September 21, 2017</b> , after market closing	Half-year 2017 earnings
<b>September 22, 2017</b> , at 2:30 pm	Analyst meeting (SFAF)
<b>October 26, 2017</b> , after market closing	Q3 2017 revenues

**July 27, 2017, at 6:00pm (Paris time)**

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

The webcast is available at the following address: <http://bit.ly/2uM93g1>

The second quarter 2017 revenue 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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**Additional information**

Q2 2017 revenue figures have not been audited by the Statutory Auditor.

## Annexe

### Breakdown of revenue by quarter and division

- Year 2017

<i>In € thousands</i>	Q1	Q2	Q3	Q4	Total
Health insurance, HR and e-services	68,606	71,650	-	-	140,256
Healthcare professionals	44,045	44,334	-	-	88,379
Activities not allocated	1,054	930	-	-	1,983
<b>Cegedim</b>	<b>113,705</b>	<b>116,913</b>	-	-	<b>230,618</b>

- Year 2016

<i>In € thousands</i>	Q1	Q2	Q3	Q4	Total
Health insurance, HR and e-services	59,728	64,847	60,607	77,143	262,325
Healthcare professionals	45,687	43,676	41,459	44,404	175,226
Activities not allocated	793	778	770	954	3,295
<b>Cegedim</b>	<b>106,208</b>	<b>109,301</b>	<b>102,836</b>	<b>122,501</b>	<b>440,846</b>

### Breakdown of revenue by geographic zone and division

- As of June 30, 2017

<i>In € thousands</i>	France	EMEA excl. France	Americas	APAC
Health insurance, HR and e-services	96.9%	3.1%	-	-
Healthcare professionals	60.5%	30.4%	9.1%	-
Activities not allocated	99.5%	0.5%	-	-
<b>Cegedim</b>	<b>83.0%</b>	<b>13.5%</b>	<b>3.5%</b>	-

### Breakdown of revenue by currency and division

- As of June 30, 2017

<i>In € thousands</i>	Euro	GBP	USD	Others
Health insurance, HR and e-services	96.9%	2.0%	0.0%	1.1%
Healthcare professionals	64.6%	25.3%	9.0%	1.1%
Activities not allocated	100.0%	0.0%	0.0%	0.0%
<b>Cegedim</b>	<b>84.6%</b>	<b>10.9%</b>	<b>3.4%</b>	<b>1.1%</b>

## 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.

**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

**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:** Operating expenses is 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 (L-f-l):** 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.

**Adjusted EBITDA :** Consolidated EBITDA adjusted, for 2016, for the €4.0m of negative impact from impairment of receivables in the Healthcare Professional division

**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:** 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.

**Net cash:** Net cash is 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 €441 million in 2016. Cegedim SA is listed in Paris (EURONEXT: CGM).

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