

PRESS RELEASE

Quarterly financial information as of December 31, 2020
IFRS - Regulated information - Audited

FY 2020 results: Cegedim's business model admirably resilient

- 2020 revenue virtually stable like for like
- Recurring operating income¹ up 12% to €41 million

Boulogne-Billancourt, France, March 18, 2021, after the market close

Cegedim generated consolidated FY 2020 revenues of €496.9 million, a decrease of 1.4% as reported and 0.2% like for like compared with the previous year. Recurring operating income rose 11.8% as reported to €41.5 million.

"Amid tough conditions, the Group showed its resilience, with 2020 revenues virtually stable like for like and recurring operating income up 12%. After the first lockdown, revenues returned to like-for-like growth of 1.9% in the third quarter, and the recovery picked up speed in the fourth quarter with growth of 2.3%². The reason for the resilience is our unique position within the healthcare ecosystem, our recurring businesses and sustained investment in innovation. We are confident we can top our 2020 performance," said Laurent Labrune, Cegedim Group Deputy Managing Director.

Consolidated income statement

	2020		2019		Change
	€m	%	€m	%	
Revenue	496.9	100.0%	503.7	100.0%	(1.4)%
EBITDA ⁽¹⁾	103.9	20.9%	101.2	20.1%	+2.6%
Depreciation & amortization	(62.5)	12.6%	(64.2)	12.7%	(2.6)%
Recurring operating income⁽¹⁾	41.5	8.3%	37.1	7.4%	+11.8%
Other non-recurring operating income and expenses ⁽¹⁾	(19.9)	4.0%	(21.0)	4.2%	(5.2)%
Operating income	21.5	4.3%	16.1	3.2%	+33.9%
Cost of net financial debt	(8.6)	1.7%	(8.6)	1.7%	+0.8%
Tax	(2.0)	0.4%	(4.8)	1.0%	(59.2)%
Net profit attributable to the owners of the parent	10.8	2.2%	2.7	0.5%	+301.7%
Recurring earnings per share ⁽¹⁾ in euros	1.4	-	0.4	-	+245.1%
Earnings per share in euros	0.8	-	0.2	-	+302.6%

The Audit Committee met on March 17, 2021, and the Board of Directors—chaired by Jean-Claude Labrune—met on March 18, 2021, to approve the 2020 financial statements. All of the consolidated financial statement audit procedures have been performed. The certification report will be issued once the procedures required for filing the Universal Registration Document have been completed. The Universal Registration Document will be available soon in French and in English on our website and on the Cegedim IR mobile app.

¹ Alternative performance indicator. See pages 113-114 of the 2019 Universal Registration Document.

² Like for like.

Consolidated revenues fell €6.8 million, or 1.4%, to €496.9 million in 2020, compared with €503.7 million in 2019. Excluding an unfavorable currency translation impact of 0.2pp and an unfavorable scope effect of 1.0pp, revenues were virtually stable, down 0.2%.

The €5.2 million hit from scope effects, or 1.0pp, was chiefly due to the sale of nearly all of the business activities of *Pulse Systems Inc.* in the US in August 2019, which was partly offset by the acquisitions of *Cosytec* in France in July 2019 and *NetEDI* in the UK in August 2019.

Bridge from reported to LFL revenues

<i>in millions of euros</i>	
Consolidated Group revenue at December 31, 2019	503.7
Impact of acquisitions and disposals	(5.2)
Currency impacts	(0.8)
Revenue excl. impacts at December 31, 2019	497.7
Software & Services contribution	(2.1)
Flow contribution	(2.9)
Data & Marketing contribution	+2.1
BPO contribution	+1.9
Corporate and others contribution	+0.2
Consolidated Group revenue at December 31, 2020	496.9

Recurring operating income⁽¹⁾ rose €4.4 million, or 11.8%, to €41.5 million in 2020, compared with €37.1 million in 2019. It amounted to 8.3% of revenue in 2020 compared with 7.4% in 2019. This performance was attributable to improved performances at the *Software and Services* and *BPO* divisions, and to reduced spending on travel, receptions, and marketing.

Depreciation and amortization expenses fell €1.7 million, or 2.6%, to €62.5 million in 2020, compared with €64.2 million in 2019. The main reason for the decline was the decrease in R&D amortization over the period owing to earlier impairments taken on certain software.

EBITDA⁽¹⁾ rose €2.7 million, or 2.6%, to €103.9 million in 2020, compared with €101.2 million in 2019. It amounted to 20.9% of revenue in 2020 compared with 20.1% in 2019.

Other non-recurring operating income and expenses⁽¹⁾ amounted to a €19.9 million charge, compared with a €21.0 million charge in 2019. The 2020 level was chiefly the result of impairments of intangible assets related to certain software business, notably on products for doctors in the UK and Belgium.

Cost of net financial debt was virtually stable at €8.6 million. The virtual stability is due to the fact that the Group's borrowings are almost entire at fixed interest rates.

Tax amounted to a charge of €2.0 million in 2020 compared with a charge of €4.8 million in 2019, a decrease of €2.9 million, or 59.2%. This trend is the result of a decrease in income tax combined with a strong increase in deferred tax assets.

Consolidated net profit attributable to the owners of the parent came to €10.8 million in 2020 compared with €2.7 million in 2019. **Recurring net profit per share** came to €1.4 in 2020 compared with €0.4 a year earlier. **Earnings per share** were €0.8 in 2020 compared with €0.4 in 2019.

Analysis of business trends by division

Always looking for ways to improve its financial communication, the Group will now be reporting its results by business activity (divisions: *Software & Services*, *Flow*, *Data & Marketing*, and *BPO*) rather than by client segment (sectors: *Health insurance*, *HR and e-services*, and *Healthcare professionals*).. To help you analyze these revenue and recurring operating income⁽¹⁾ figures, we have provided in the annex a breakdown of revenues and recurring operating income⁽¹⁾ by sector, as well as a grid comparing the sector and division figures.

- **Software & Services**

<i>In millions of euros</i>	2020	2019	Change
Revenue	277.2	286.9	(3.4)% Like for like: (0.7)%
Recurring operating income ⁽¹⁾	23.5	19.4	+21.1%
Margin	8.5%	6.8%	+171bp

The **Software & services** business, which is highly recurring overall, received a boost from the launch of a teleconsultation solution, *Maiia Téléconsultation*, which experienced strong growth due to the Covid-19 pandemic. As a reminder, the teleconsultation offering was supplied to clients free of charge in the first half of 2020.

However, the strong showing in software and services for the medical profession and HR management was more than offset by weakness in project activities and change management, notably in the health insurance sector. The start of certain projects was postponed from 2020 to 2021.

Highly recurring business and the sale of *Pulse Systems Inc* assets enabled a significant increase in recurring operating income⁽¹⁾.

- **Flow**

<i>In millions of euros</i>	2020	2019	Change
Revenue	79.4	80.6	(1.5)% Like for like: (3.6)%
Recurring operating income ⁽¹⁾	10.4	12.3	(16.0)%
Margin	13.0%	15.3%	(225)bp

The **Flow** business was negatively affected by the Covid-19 pandemic, which caused many in France to make fewer doctor visits during lockdowns, thus diminishing health flows. Some of our clients decided to postpone projects from 2020 to 2021. However, the decline was partly offset by a very good performance in the invoice and process digitalization activity. The **Flow** division has substantial fixed costs, which explains the decline in recurring operating income⁽¹⁾.

- **Data & Marketing**

<i>In millions of euros</i>	2020	2019	Change
Revenue	87.8	85.8	+2.4% Like for like: +2.4%
Recurring operating income ⁽¹⁾	11.4	10.7	+6.6%
Margin	13.0%	12.5%	+51bp

The **Data** activities experienced strong growth as a result of the pandemic. On the other hand, during the first lockdown of 2020, the pandemic had a detrimental impact on advertising business revenues from pharmacies in France, which were closed for around a month. Even so, the Data & Marketing division's recurring operating income⁽¹⁾ rose thanks to the **Data** business.

- **BPO**

<i>In millions of euros</i>	2020	2019	Change
Revenue	48.9	47.1	+3.9% Like for like: +3.9%
Recurring operating income ⁽¹⁾	(0.2)	(2.6)	(91.7)%
Margin	(0.5)%	(5.6)%	+58bp

The **BPO** division benefited from the start of a new contract in the fourth quarter of 2019, which more than offset the decrease in French residents' use of healthcare during the Covid-19 lockdowns. At the same time, process improvements made it possible for recurring operating income⁽¹⁾ to reach breakeven.

- **Corporate and others**

2020 revenues rose 6.3% to €3.6 million and recurring operating income⁽¹⁾ was a €3.6 million loss, compared with a €2.7 million loss a year earlier.

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.

- **Tax**

On February 21, 2018, Cegedim SA received official notice that the French tax authorities planned to perform an audit of its financial statements for the period from January 1, 2015, to December 31, 2016. After consultation with its lawyers and based on ample precedent, the Group believes that the adjustment is unwarranted and continues to explore its options to appeal the decision. The maximum tax liability Cegedim faces as a result of the current audit is €13.7 million at December 31, 2020. Cegedim still believes that there is not enough risk with respect to this amount or to tax loss carryforwards recorded on its consolidated balance sheet (corresponding to €20 million) to jeopardize their valuation.

- **Acquisition of a minority stake in Clamae**

Cegedim has acquired a minority stake of 34% in the Clamae Group via a €6 million reserved capital increase. Clamae has a subsidiary that specializes in innovative payment systems made possible under the EU's PSD2 framework. The technologies Clamae has developed will be put to good use in nearly all of Cegedim Group's products and services (health insurance products, data management and digitization, and apps for healthcare professionals).

Significant transactions and events post December 31, 2020

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

For 2021, the Group expects like-for-like revenue growth of c.2% and recurring operating income⁽¹⁾ growth of c.4%.

The Group does not expect to make any significant acquisitions in 2021. And lastly, the group does not provide earnings estimates or forecasts.

WEBCAST ON MARCH 18, 2021 AT 6:15 PM (PARIS TIME)

The webcast is available at: www.cegedim.com/webcast

The 2020 results presentation is available at:

- On the website: [_https://www.cegedim.com/finance/documentation/Pages/presentations.aspx](https://www.cegedim.com/finance/documentation/Pages/presentations.aspx)
- And on the Cegedim IR smartphone app, available at <https://www.cegedim.com/finance/profile/Pages/cegedimir.aspx>

Financial calendar

2021	April 27 after the close	Q1 2021 revenues
	June 17	Shareholders' meeting
	July 27 after the close	Q2 2021 revenues
	September 16 after the close	H1 2021 results
	September 17	SFAF meeting
	October 28 after the close	Q3 2021 revenues

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 and was sent to Cegedim's authorized distributor on March 18, 2021, no earlier than 5:45 pm Paris time.

The figures cited in this press release include guidance on Cegedim's future financial performance targets. This forward-looking information is based on the opinions and assumptions of the Group's senior management at the time this press release is issued and naturally entails risks and uncertainty. For more information on the risks facing Cegedim, please refer to Chapter 7, "Risk management", section 7.2, "Risk factors and insurance", and Chapter 3, "Overview of the financial year", section 3.6, "Outlook", of the 2019 Universal Registration Document filled with the AMF on March 31, 2020 under number D.20-0218.

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 5,300 people in more than 10 countries and generated revenue of nearly €500 million in 2020.

Cegedim SA is listed in Paris (EURONEXT: CGM).

To learn more, please visit: www.cegedim.fr

And follow Cegedim on Twitter @CegedimGroup, LinkedIn and Facebook.

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Annexes

Division profiles:

Software & Services division: comprises all of the Group's software offerings in all formats (licenses, SaaS, online) as well as hosting (HDS certified for health data) and IT facilities management. Cegedim targets:

- health and personal protection insurance (France and the UK),
- HR departments (France),
- independent pharmacies, as well as chains and consortiums (France, Romania, and the UK),
- doctors and health centers (France, the UK, Belgium, Spain, and Italy),
- allied health professionals: physical therapists, nurses, speech therapists, orthoptists, podiatrists, midwives, etc. (France).

Flow division: comprises third-party health payment management (France), contract to pay and management process digitization (orders, invoices, etc.), probative value storage, and EDI (France, the UK, and Germany). This business has service centers in France, Romania, and Morocco.

Data & Marketing division: comprises

- data for health authorities, healthcare professionals, researchers, the healthcare industry and its partners in France, Italy, Germany, Spain, Romania, and the UK;
- print and digital advertising in pharmacies and health & wellness shops in France;
- digital marketing to doctors;
- healthcare product distribution.

BPO division: comprises business process outsourcing activities in France for supplemental health insurers (managing reimbursement, among other things); personal protection insurers, and HR departments. This division has service centers in France and Romania.

Revenue trends by sector

<i>in millions of euros</i>	12 months			
	2020	2019	LFL change	Reported chg.
Health insurance, HR and e-services	341.8	340.5	-0.2%	+0.4%
Healthcare professionals	151.5	159.8	-0.1%	-5.2%
Corporate and others	3.6	3.4	+6.3%	+6.3%
Cegedim	496.9	503.7	-0.2%	-1.4%

Revenue comparison, sector vs. division

<i>in millions of euros</i>	2020		
	Health insurance, HR and e-services	Healthcare professionals	Total
Software & services	125.7	151.5	277.2
Flow	79.4	0	79.4
Data & Marketing	87.8	0	87.8
BPO	48.9	0	48.9
Corporate and others	0	0	3.6
Cegedim	341.8	151.5	496.9

Recurring operating income⁽¹⁾ by sector

<i>in millions of euros</i>	12 months	
	2020	2019
Health insurance, HR and e-services	32.5	34.5
Healthcare professionals	12.6	5.3
Corporate and others	-3.6	-2.7
Cegedim	41.5	37.1

Recurring operating income⁽¹⁾ comparison, sector vs. division

<i>in millions of euros</i>	2020		
	Health insurance, HR and e-services	Healthcare professionals	Total
Software & services	10.9	12.6	23.5
Flow	10.4	-	10.4
Data & Marketing	11.4	-	11.4
BPO	(0.2)	-	(0.2)
Corporate and others	-	-	(3.6)
Cegedim	32.5	12.6	41.5

Consolidated financial statements at December 31, 2020

 • **Assets at December 31, 2020**

<i>In € thousands</i>	12/31/2020	12/31/2019
Goodwill	186,036	192,740
Development costs	3,873	21,960
Other intangible fixed assets	159,144	135,579
Intangible fixed assets	163,017	157,540
Property	544	544
Buildings	2,319	2,960
Other tangible fixed assets	31,835	30,960
Right-of-use assets	0	64,537
Fixed assets in progress & Advances and deposits on tangible fixed assets	75,606	163
Tangible fixed assets	110,305	99,164
Equity investments	1,182	1,214
Loans	14,618	14,017
Other long-term investments	4,730	4,546
Long-term investments – excluding equity shares in equity method companies	20,530	19,777
Equity shares in equity method companies	21,479	15,080
Deferred tax asset	33,202	31,750
Accounts receivable: long-term portion		-
Long-term financial instruments	44	387
Prepaid expenses: long-term portion	249	390
Non-current assets	534,862	516,828
Services in progress		-
Goods	3,814	4,434
Advances and deposits received on orders	501	208
Accounts receivables: short-term portion	134,650	143,986
Other receivables: short-term portion	193,690	101,684
Short-term financial instruments	1	1
Cash equivalents	0	0
Cash	24,734	29,059
Prepaid expenses: short-term portion	13,103	12,414
Current assets	370,493	291,785
Total Assets	905,355	808,613

- **Liabilities and equity at December 31, 2020**

<i>In € thousands</i>	12/31/2020	12/31/2019
Share capital	13,337	13,337
Group reserves	188,524	186,526
Group exchange gains/losses	(5,040)	(1,480)
Group earnings	10,835	2,697
Shareholders' equity, Group share	207,655	201,080
Non-controlling interests	248	167
Shareholders' equity	207,902	201,247
Long-term financial liabilities	186,278	195,694
Non-current lease liabilities	62,331	52,413
Long-term financial instruments	65	627
Deferred tax liabilities	7,599	8,009
Retirement commitments	35,281	32,250
Non-current provisions	2,575	1,855
Other non-current liabilities	-	-
Non-current liabilities	294,130	290,847
Short-term financial liabilities	2,606	13,961
Current lease liabilities	15,244	13,507
Short-term financial instruments	1	2
Accounts payable and related accounts	43,214	50,644
Tax and social liabilities	108,718	91,593
Provisions	3,045	5,513
Other current liabilities	230,495	141,299
Current liabilities	403,323	316,519
Total Liabilities	905,355	808,613

- Income statement at December 31, 2020

<i>In millions of euros</i>	12/31/2020	12/31/2019
Revenue	496,939	503,745
Purchases used	(25,491)	(28,406)
External expenses	(100,491)	(115,344)
Taxes	(7,904)	(7,319)
Payroll costs	(256,219)	(249,736)
Impairment on account receivables and other receivables and on contract assets	(1,871)	(800)
Allocations to and reversals of provisions	(3,442)	(2,674)
Change in inventories of products in progress and finished products	0	(79)
Other operating income and expenses	(66)	(576)
Income of equity-accounted affiliates	2,459	2,437
EBITDA⁽¹⁾	103,915	101,248
Depreciation expenses other than right-of-use assets	(46,518)	(48,399)
Depreciation expenses of right-of-use assets	(15,939)	(15,753)
Recurring operating income⁽¹⁾	41,457	37,096
Depreciation of goodwill		(2,800)
Non-recurring income and expenses ⁽¹⁾	(19,915)	(18,204)
Other non-recurring operating income and expenses⁽¹⁾	(19,915)	(21,004)
Operating income	21,543	16,092
Income from cash and cash equivalents	75	93
Gross cost of financial debt	(8,547)	(8,805)
Other financial income and expenses	(171)	140
Cost of net financial debt	(8,642)	(8,572)
Income taxes	(4,973)	(5,824)
Deferred taxes	3,007	1,003
Total taxes	(1,966)	(4,821)
Share of profit (loss) for the period of equity method companies	(18)	(8)
Consolidated profit (loss) for the period	10,916	2,691
Consolidated net income (loss) attributable to owners of the parent	10,835	2,697
Income from equity-accounted affiliates	(81)	(6)
Average number of shares excluding treasury stock	13,824,493	13,856,173
Recurring earnings per share (in euros)	1.4	0.4
Earnings per share (in euros)	0.8	0.2

(1) See Annex 3: Alternative performance indicators

- Cash flow statement at December 31, 2020

<i>In € thousands</i>	12/31/2020	12/31/2019
Consolidated profit (loss) for the period	10,916	2,691
Share of earnings from equity method companies	(2,441)	(2,429)
Amortization and provision charges	77,481	53,681
Capital gains or losses on disposals	1,641	28,570
Cash flow after cost of net financial debt and taxes	87,597	82,513
Cost of net financial debt	8,642	8,572
Tax expenses	1,966	4,821
Operating cash flow before cost of net financial debt and taxes	98,205	95,906
Tax paid	(6,337)	(2,190)
Change in working capital requirements for operations: requirement ⁽¹⁾		(64,455)
Change in working capital requirements for operations: surplus	18,513	-
Cash flow generated from operating activities after tax paid and change in working capital requirements (a)	110,381	29,260
Acquisitions of intangible assets	(54,607)	(50,665)
Acquisitions of tangible assets	(19,920)	(11,704)
Acquisitions of long-term investments	(980)	(
Disposals of tangible and intangible assets	11,024	8,321
Disposals of long-term investments	40	261
Change in loans made and cash advances	(753)	894
Impact of changes in consolidation scope ⁽¹⁾	(6,094)	(25,378)
Dividends received	2,032	1,883
Net cash flows generated by investment operations (b)	(69,259)	(76,389)
Dividends paid to shareholders of the parent company	(1)	(1)
Loans issued		20,000
Loans repaid	(21,151)	(913)
Repayment of lease liabilities	(16,119)	(16,307)
Interest paid on loans	(5,280)	(5,237)
Other financial income received	1,030	897
Other financial expenses paid	(3,674)	(3,593)
Net cash flows generated by financing operations (c)	(45,195)	(5,154)
Change in cash before impact of change in foreign currency exchange rates (a+b+c)	(4,072)	(52,282)
Impact of changes in foreign currency exchange rates	(252)	253
Change in cash	(4,325)	(52,029)
Opening cash	29,059	81,088
Closing cash	24,734	29,059