

PRESS RELEASE

Full year Financial Information at December 31, 2018
IFRS - Regulated Information - Audited

Cegedim: Debt reduction and revenue growth in 2018

- Like-for-like revenue growth of 1.9%
- EBITDA virtually stable at €76.8 million in 2018 vs €77.5 million in 2017
- Net debt cut by €128.2 million
- 2019 target: 5% revenue and EBITDA growth

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 March 27, 2019, no earlier than 5:45 pm Paris time.

The terms "business model transformation" and "BPO" are defined in the glossary.

Owing to the disposal of the Group's Cegelease and Euroformat businesses, announced in 2017 and completed on February 28, 2018, the consolidated 2017 and 2018 financial statements are presented according to IFRS 5, "Non-current assets held for sale and discontinued". The Group also applies IFRS 15, "Revenue from contracts with customers" and IFRS 9 "Financial instruments".

CONFERENCE CALL ON MARCH 27, 2019, AT 6:15PM CET

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Boulogne-Billancourt, France, March 27, 2019, after the market close

Cegedim, an innovative technology and services company, generated consolidated revenues from continuing activities of €467.7 million in 2018, an increase of 2.2% as reported and 1.9% like for like compared with the same period in 2017. EBITDA came to €76.8 million in 2018, down a marginal 0.9% compared with 2017. EBITDA margin was relatively stable at 16.4% in 2018, compared with 16.9% the year before.

Simplified income statement

	2017		2016		Chg.
	€m	%	€m	%	
Revenue	467.7	100.0	457.4	100.0	+2.2
EBITDA	76.8	16.4	77.5	16.9	(0.9)
Depreciation	(43.7)	(9.3)	(40.1)	(8.8)	+9.1
EBIT before special items	33.1	7.1	37.4	8.2	(11.7)
Special items	(18.6)	(4.0)	(18.9)	(4.1)	(1.2)
EBIT	14.4	3.1	18.5	4.1	(22.3)
Cost of net financial debt	(6.0)	(1.3)	(6.7)	(1.5)	(11.4)
Tax expenses	(3.9)	(0.8)	(4.7)	(1.0)	(16.5)
Consolidated profit from continuing activities	4.5	1.0	7.1	1.5	(36.5)
Net earnings from activities held for sale	0.0	0.0	4.1	0.0	n.m.
Net earnings from activities sold	1.3	0.3	0.0	0.9	n.m.
Profit attributable to the owners of the parent	5.8	1.2	11.1	2.4	(48.2)
EPS before special items	0.7	-	0.9	-	(48.0)
Earnings per share	0.4	-	0.8	-	(48.0)

For the full year 2018, [Cegedim](#) posted consolidated revenues from continuing activities of €467.7 million, up 2.2% on a reported basis. Excluding an unfavorable currency translation effect of 0.3% and a 0.6% boost from acquisitions, revenues rose 1.9%.

The [Health insurance, HR and e-services](#) division grew by 4.7%, whereas the [Healthcare professionals](#) division experienced a drop of 3.1%. BPO revenues amounted to €35.9 million over FY 2018, an 11.5% increase compared with FY 2017.

EBITDA was more or less stable at €76.8 million, compared with €77.5 million a year ago, and the margin dipped slightly to 16.4% from 16.9% in 2017. The EBITDA trend was chiefly attributable to payroll costs outpacing revenue growth, external charges holding steady, and a decrease in purchases used.

Depreciation and amortization rose by €3.6 million, to €43.7 million from €40.1 million in 2017. Most of the increase was due to an €8.7 million increase in amortization of R&D over the period.

EBIT before special items declined by €4.4 million, or 11.7%, to €33.1 million. The margin declined to 7.1% in 2018 from 8.2% in 2017.

Exceptional items amounted to a net charge of €18.6 million compared with a net charge of €18.9 million in 2017. The main reasons for the near stability were the €2.4 million decrease in amortization of intangible assets related to mature assets and the €1.3 million decrease in other exceptional charges, partly offset by the €3.5 million increase in restructuring costs, including a €4.1 million charge related to the sale of Cegelease and Eurofarmat.

Cost of net financial debt fell by €0.8 million, or 11.4%, to €6.0 million vs. €6.7 million in 2017. This decline reflects the positive impact of refinancing transactions carried out in H2 2018 combined with the sale of Cegelease and Eurofarmat in February 2018.

Tax amounted to a charge of €3.9 million compared with a charge of €4.7 million in 2017. The main factors were a deferred tax asset of €0.7 million in 2018 compared with a deferred tax charge of €0.7 million in 2017, partly offset by a €0.6 million increase in corporate income tax.

As a result, **the consolidated net profit attributable to the owners of the parent came to €5.8 million compared with a profit of €11.1 million in 2017. Consolidated net profit from continuing activities** came to €4.5 million compared with a profit of €7.1 million over the year-earlier period. **Net profit per share before special items** came to a profit of €0.7 vs. a profit of €0.9 in 2017. **Earnings per share** were a profit of €0.4 compared with a profit of €0.8 in 2017.

Analysis of business trends by division

- **Key figures per division**

	Revenue		EBIT before special items		EBITDA	
	2018	2017	2018	2017	2018	2017
<i>In € million</i>						
Health insurance, HR and e-services	307.7	291.1	32.5	28.4	54.4	48.1
Healthcare professionals	156.2	162.5	2.5	10.4	18.9	25.0
Corporate and others	3.8	3.9	(2.0)	(1.3)	3.5	4.4
Cegedim	467.7	457.4	33.1	37.4	76.8	77.5

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

The division's 2018 revenues came to €307.7 million, up 5.7% on a reported basis. The March 30, 2018 [Rue de la Paye](#) acquisition in France made a positive contribution of 1.1%. Currency translation had virtually no impact. Like-for-like revenues rose 4.7% over the period.

EBITDA rose in 2018, up 13.2%, to €54.4 million, compared with €48.1 million in 2017. EBITDA margin was 17.7% in 2018, an increase of 117 basis point compared with 2017.

The businesses that made the biggest contributions to this growth in revenue and EBITDA were [Cegedim SRH](#) (HR management solutions), [Cegedim Health Data](#) (sales data and statistics for pharmaceuticals), and—in the health insurance sector—third-party payment flow processing activities. BPO products and [Cegedim e-business](#) (process and

document digitalization) made notable contributions to revenue growth, and *CeGEDIM-Media* (advertising in pharmacies and health & wellness shops) did the same for EBITDA growth.

- **Healthcare professionals**

The division's 2018 revenues came to €156.2 million, down 3.9% on a reported basis. Currencies had a negative impact of 0.7%. There was virtually no impact from acquisitions or divestments. Like-for-like revenues fell 3.1% over the period. EBITDA decrease by 24.5%, to €18.9 million, compared with €25.1 million in 2017. EBITDA margin was 12.1%, down 330 basis points compared with 2017.

The businesses that made positive contributions to revenues and EBITDA were doctors' software in France and the *BCB* medication database. Software for allied health professionals in France and for doctors in Belgium contributed positively to revenues. Sales of computerization solutions to UK doctors increased strongly year on year in the fourth quarter. By contrast, the main businesses that made negative contributions to EBITDA were doctors' software in the US and Spain. Substantial investment in *Docavenue's* telemedicine offering--notably in person-hours--was also a headwind.

- **Corporate and others**

The division's 2018 revenues came to €3.8 million down 1.5% on a reported basis and like for like. There was no currency impact and no acquisitions or divestments. EBITDA decreased by €0.9 million, to €3.5 million compared with a €4.4 million in 2017.

Financial resources

Acquisition goodwill represented €173.0 million at December 31, 2018, compared with €167.8 million at end-2017. The €5.3 million increase, or 3.1%, was chiefly attributable to the €6.5 million impact of the Rue de la Paye acquisition in March 2018. Acquisition goodwill represented 26.7% of total assets at December 31, 2018, compared with 22.5% at December 31, 2017.

Cash and equivalents rose by €62.4 million, or 333.2%, to €81.1 million at December 31, 2018, compared with €18.7 million at December 31, 2017. The increase was chiefly attributable to the divestments of Cegelease and Eurofarmat in 2018 and the recording of client prepayments in the BPO health insurance businesses.

Equity rose by €1.6 million, or 0.8%, to €199.0 million at December 31, 2018, compared with €197.3 million at December 31, 2017. The change mainly reflects the €5.4 million increase in reserves, offset by the €5.4 million decline in Group earnings and €0.6 million of translation reserves. Equity represented 30.7% of total assets at December 31, 2018, compared with 26.4% at December 31, 2017.

Net financial debt amounted to €108.0 million, down €128.2 million compared with a year earlier. That figure amounted to 54.3% of equity at December 31, 2018, compared with 119.7% at December 31, 2017.

Operating free cash flow was a positive €64.8 million for financial year 2018 compared with a positive €13.4 million in 2017. The €51.4 million improvement was chiefly attributable to a significant decrease in WCR, partly offset by a decline in gross cash flow.

Outlook

CeGEDIM operates in constantly changing markets, and its strategic refocus is complete. The Group boasts solid fundamentals, a balanced portfolio of complementary offerings, a diverse client base, a broad geographic footprint, and the strength of an integrated group. These factors should enable it to sustain its current momentum and reach a new stage in its development where it can deliver lasting, profitable growth. Building on 2018, CeGEDIM continues to follow a strategy of primarily focused on organic growth and driven by robust innovation.

The Group has set a target of around 5% growth in both like-for-like revenues and EBITDA.

In 2019, the Group does not expect any significant acquisitions and is not issuing any earnings estimates or forecasts.

- **Potential impact of Brexit**

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

CeGEDIM deals in local currency in the UK, 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 Chapter 2, points 2.5, "Risk factors and insurance", and 2.7, "Outlook", of the 2018 Registration Document which will be filed with the AMF in the coming days.

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.

- **Bpifrance sells Cegedim shares**

Bpifrance Participations sold 1,682,146 Cegedim shares via an accelerated bookbuilding process to French and international institutional investors at a price of €35 per share on February 13, 2018. In the context of the transaction, the shareholders' agreement dated October 28, 2009, between Mr. Jean-Claude Labrune, FCB (the family holding company controlled by Mr. Labrune), and Bpifrance – as well as the concert between the parties – has been terminated. Following the sale, Cegedim's free float increased to 44% of capital (vs. 32% before the transaction).

- **Cegelease and Eurofarmat definitively sold**

On February 28, 2018, Cegedim announced that it had completed the disposal of Cegelease and Eurofarmat to FRANFINANCE of the Société Générale Group for an amount of €57.5 million plus reimbursement of the shareholder's loan account, which amounted to €13 million. Of this amount, Cegedim used €30 million to pay down its debt.

The parties have decided that Cegelease and the Cegedim Group will continue to collaborate in France under the current terms as part of a six-year collaboration agreement.

- **Rue de la Paye acquired in France**

On March 30, 2018, Cegedim acquired French company Rue de la Paye via its Cegedim SRH subsidiary. The deal will enable the Group to market digital payroll solutions to 2 million SMEs and small businesses in France, including – importantly – thousands of healthcare professionals that are already Cegedim Group clients.

Rue de la Paye's 2017 revenues were equivalent to around 1% of 2017 consolidated Group revenues, and it earned a profit. It began contributing to the Group's consolidation scope in April 2018.

- **Tax**

On February 21, 2018, Cegedim S.A. received notice that French tax authorities would perform an audit of its accounts covering the period January 1, 2015, to December 31, 2016. As the audit is still underway, the Group has not received any notice of tax adjustment.

- **Independent director appointed to Cegedim SA's board**

At the annual general meeting on August 31, 2018, shareholders appointed Ms. Béatrice Saunier to a six-year term as an independent director. Her term will expire following the AGM held to approve the financial statements for the year 2023.

- **New financing structure for €200 million**

On October 9, 2018, Cegedim set up a new financing structure for a total amount of €200 million consisting of a €135 million, 7-year Euro PP bond with a coupon of 3.50%, and a €65 million, 5-year syndicated revolving credit facility with a one-year extension option. The interest rate on the new revolving credit facility is 20 basis points lower than that of the previous one.

- **Euris litigation**

Cegedim, jointly with IQVIA (formerly IMS Health), is being sued by Euris for unfair competition. Cegedim asked the court to dismiss the case against the Group. On December 17, 2018, the Paris Commercial Court granted Cegedim's request. That ruling has been appealed

Significant post December 31st, 2018 transactions and events

- **Acquisition of XimantiX in Germany**

On January 21, 2019, *Cegedim* acquired German company XimantiX. Building on its presence in the digitalization market in Belgium, France, the United Kingdom, and Morocco, *Cegedim* now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, *Cegedim e-business* will be able to develop its offer for SMEs. XimantiX customers will gain access to a wider range of services, thanks to *Cegedim's* international scope.

XimantiX's 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019.

- **Acquisition of RDV médicaux in France**

On February 2019: Cegedim acquired French company RDV Médicaux, an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms Docavenue's ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system. RDV Médicaux's 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019.

- **Acquisition of BSV in France**

On January 31, 2019, Cegedim acquired BSV Electronic Publishing, the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management--a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing--Optical Character Recognition (OCR) and Automatic Document Recognition (ADR).

BSV Electronic Publishing generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019.

To the best of the company's knowledge, except for the aforementioned, there were no events or changes after the September 30th that would materially alter the Group's financial situation.

Additional information

The Audit Committee met on March 26, 2019. The Board of Directors, chaired by Jean-Claude Labrune, approved the consolidated financial statement for 2018 at its meeting on March 27, 2019. The audit of the financial statements has been completed. The audit report will be issued once the requisite procedures for the filing of the registration document are completed. The 2018 Registration Document will be available in a few days' time on our website and on Cegedim IR, the Group's financial communications app.

Financial calendar, FY 2019
March 27, 2019, 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 webcast is available at the following address: www.cegedim.fr/webcast

The presentation on FY 2018 earnings is available:

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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March 28, 2019 , at 2:30 pm CET	Analyst meeting (SFAF) in Cegedim's auditorium
May 15, 2019 , after the market close	First-quarter 2019 revenues
June 19, 2019 , at 9:30 am CET	Cegedim shareholders' meeting
July 25, 2019 , after the market close	Second quarter 2019 revenues
September 19, 2019 , after the market close	Half year earnings 2019
September 20, 2019 , at 11:30 am CET	Analyst meeting (SFAF) in SFAF's offices
October 24, 2019 , after the market close	Third quarter 2019 revenues

Balance sheet as December 31, 2018

 • **Assets as of December 31, 2018**

<i>In thousands of euros</i>	12.31.2018	12.31.2017
Goodwill on acquisition	173,024	167,758
Development costs	13,103	22,887
Other intangible fixed assets	143,606	122,962
Intangible fixed assets	156,709	145,849
Property	544	544
Buildings	3,554	4,127
Other tangible fixed assets	29,306	28,057
Construction work in progress	11	444
Tangible fixed assets	33,416	33,172
Equity investments	1,214	913
Loans	13,425	12,986
Other long-term investments	6,318	6,454
Long-term investments – excluding equity shares in equity method companies	20,957	20,353
Equity shares in equity method companies	10,486	10,072
Government – Deferred tax	28,196	27,271
Accounts receivable: Long-term portion	87	210
Other receivables: Long-term portion	-	-
Financial instruments	562	622
Prepaid expenses: long-term portion	530	-
Non-current assets	423,966	405,308
Services in progress	-	78
Goods	2,670	3,567
Advances and deposits received on orders	268	325
Accounts receivables: Short-term portion	97,278	118,170
Other receivables: Short-term portion	33,318	71,220
Cash equivalents	152	8,000
Cash	80,939	10,718
Prepaid expenses	9,516	8,989
Current Assets	224,142	221,068
Asset of activities held for sale	-	119,847
Total Assets	648,108	746,223

- **Liabilities and shareholders' equity as of December 31, 2018**

<i>In thousands of euros</i>	12.31.2018	12.31.2017
Share capital	13,337	13,337
Group reserves	185,287	177,881
Group exchange gains/losses	(5,613)	(5,008)
Group earnings	5,771	11,147
Shareholders' equity. Group share	198,781	197,357
Minority interests	175	(11)
Shareholders' equity	198,957	197,346
Long-term financial liabilities	185,845	250,830
Long-term financial instruments	961	928
Deferred tax liabilities	6,605	6,362
Non-current provisions	26,389	25,445
Other non-current liabilities	15	56
Non-current liabilities	219,814	283,621
Short-term financial liabilities	3,211	4,040
Short-term financial instruments	1	2
Accounts payable and related accounts	41,774	46,954
Tax and social liabilities	89,074	83,118
Provisions	2,945	3,025
Other current liabilities	92,332	65,098
Current liabilities	229,337	202,236
Liabilities of activities held for sale	-	63,020
Total Liabilities	648,108	746,223

Income statements as of December 31, 2018

<i>In thousands of euros</i>	12.310.2018	12.31.2017
Revenue	467,688	457,441
Purchased used	(29,316)	(33,788)
External expenses	(122,563)	(122,453)
Taxes	(8,243)	(7,257)
Payroll costs	(229,507)	(215,434)
Allocations to and reversals of provisions	(1,056)	(2,684)
Change in inventories of products in progress and finished products	-	0
Other operating income and expenses	(2,358)	(621)
Income of equity-accounted affiliates (1)	2,128	2,291
EBITDA	76,772	77,496
Depreciation expenses	(43,716)	(40,075)
Operating income before special items	33,056	37,420
Depreciation of goodwill	-	-
Non-recurrent income and expenses	(18,640)	(18,874)
Other exceptional operating income and expenses	(18,640)	(18,874)
Operating income	14,416	18,547
Income from cash and cash equivalents	1,154	631
Gross cost of financial debt	(7,041)	(8,938)
Other financial income and expenses	(77)	1,573
Cost of net financial debt	(5,964)	(6,734)
Income taxes	(4,632)	(4,002)
Deferred taxes	707	(699)
Total taxes	(3,925)	(4,701)
Share of profit (loss) for the period of equity method companies	(46)	(51)
Profit (loss) for the period from continuing activities	4,481	7,061
Profit (loss) for the period from discontinued activities	1,345	-
Profit (loss) for the period from activities held for sale	-	4,099
Consolidated profit (loss) for the period	5,826	11,160
Consolidated Net income (loss) attributable to owners of the parent	5,771	11,147
Minority interests	56	14
Average number of shares excluding treasury stock	13,919,741	13,979,390
Current Earnings Per Share (in euros)	0.7	0.9
Earnings Per Share (in euros)	0.4	0.8
Dilutive instruments	None	None
Earning for recurring operation per share (in euros)	0.4	0.8

Consolidated cash flow statement as of December 31, 2018

<i>In thousands of euros</i>	12.31.2018	12.31.2017
Consolidated profit (loss) for the period	5,826	11,160
Share of earnings from equity method companies	(2,082)	(2,241)
Depreciation and provisions	50,808	64,435
Capital gains or losses on disposals	(1,694)	(534)
Cash flow after cost of net financial debt and taxes	52,858	72,821
Cost of net financial debt	6,019	6,427
Tax expenses	3,212	6,628
Operating cash flow before cost of net financial debt and taxes	62,089	85,877
Tax paid	(2,943)	(1,819)
Change in working capital requirements for operations: requirement	-	(10,574)
Change in working capital requirements for operations: surplus	64,436	-
Cash flow generated from operating activities after tax paid and change in working capital requirements (A)	123,582	73,484
<i>Of which net cash flows from operating activities of held for sales</i>	(5,145)	4,299
Acquisitions of intangible assets	(47,907)	(48,372)
Acquisitions of tangible assets	(10,976)	(12,251)
Acquisitions of long-term investments	(3,929)	-
Disposals of tangible and intangible assets	104	529
Disposals of long-term investments	-	1,046
Change in loans made and cash advance	(1,214)	(10,749)
Impact of changes in consolidation scope	64,553	(1,855)
Dividends received from outside Group	2,704	893
Net cash flows generated by investment operations (B)	3,335	(70,759)
<i>Of which net cash flows connected to investment operations of activities held for sales</i>	13,892	(674)
Dividends paid to parent company shareholders	-	-
Dividends paid to the minority interests of consolidated companies	(57)	(70)
Capital increase through cash contribution	-	-
Loans issued	135,000	10,500
Loans repaid	(202,125)	(3,241)
Interest paid on loans	(2,360)	(5,996)
Other financial income and expenses paid or received	641	(821)
Net cash flows generated by financing operations (C)	(68,899)	372
<i>Of which net cash flows related to financing operations of activities held for sales</i>	(13,073)	270
Change In Cash without impact of change in foreign currency exchange rates (A + B + C)	58,017	3,098
Impact of changes in foreign currency exchange rates	72	(821)
Change in cash	58,089	2,276
Opening cash	22,998	20,722
Closing cash	81,088	22,998

Appendices

Breakdown of revenues from continuing activities by quarter and division

- Fiscal year 2018

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

- Fiscal year 2017

<i>In € thousands</i>	Q1	Q2	Q3	Q4	Total
Health insurance, HR et e-services	68,610	71,653	67,958	82,856	291,077
Healthcare professionals	40,320	41,495	37,999	42,672	162,486
Corporate and others	1,058	933	961	926	3,878
Revenue from continuing activities	109,989	114,081	106,918	126,454	457,441
Revenue from activities held for sale	3,926	2,935	2,476	3,664	13,001
IFRS 5 restatement	(209)	(103)	(100)	(78)	(490)
Group revenue	113,705	116,913	109,294	130,040	469,952

Breakdown of revenue by geographic zone and division

- As of December 31, 2018

<i>As a % of consolidated revenues from continuing activities</i>	France	EMEA excl. France	Americas	APAC
Health insurance, HR et e-services	96.7%	3.3%	-	-
Healthcare professionals	61.3%	31.2%	7.5%	-
Corporate and others	100.0%	-	-	-
Cegedim	84.9%	12.6%	2.5%	-

Breakdown of revenue by currency and division

- As of December 31, 2018

<i>As a % of consolidated revenues from continuing activities</i>	Euro	GBP	USD	Others
Health insurance, HR et e-services	96.7%	2.3%	0.0%	1.0%
Healthcare professionals	65.5%	25.3%	7.2%	2.0%
Corporate and others	100.0%	-	-	-
Cegedim	86.3%	10.0%	2.4%	1.3%

Glossary

BPO (Business Process Outsourcing): BPO is the contracting of non-core business activities and functions to a third-party provider. Cegedim provides BPO services for human resources, Revenue Cycle Management in the US and management services for insurance companies, provident institutions and mutual insurers.

Business model transformation: Cegedim decided in fall 2015 to switch all of its offerings over to SaaS format, to develop a complete BPO offering, and to materially increase its R&D efforts. This is reflected in the Group's revamped business model. The change has altered the Group's revenue recognition and negatively affected short-term profitability

Corporate and others: This division encompasses the activities the Group performs as the parent company of a listed entity, as well as the support it provides to the three operating divisions.

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 4,500 people in more than 10 countries and generated revenue of €468 million in 2018. Cegedim SA is listed in Paris (EURONEXT: CGM).

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

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