

PRESS RELEASE

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

Cegedim: A dynamic first half of 2016, with revenue up 4.3% on a reported basis

- Transition toward cloud offerings continues
- Robust investment plan still in place
- Q2 impact from reorganization of US operations
- Significant number of contracts signed

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 Q1, Q2 and Half-year 2015 figures published in 2015. Readers should refer to the last annexe of this press release for full details of the adjustments. All of the figures in this press release reflect the adjustments.

CONFERENCE CALL ON JULY 26, 2016, AT 6:15PM CET

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Boulogne-Billancourt, July 26, 2016

Cegedim, an innovative technology and services company, generated first half 2016 consolidated revenues from continuing activities of €215.5 million, up 4.3% on a reported basis and 3.6% like for like compared with the same period in 2015.

The *Health insurance, HR and e-services* division's like-for-like growth increased to 10.3% in the second quarter from 8.7% in the first quarter, even though clients are being transitioned over to SaaS / cloud offerings. Conversely, the *Healthcare professionals* division experienced a 6.3% like-for-like decline in Q2 revenues after a stable first quarter. The decline was chiefly due to the SaaS switch, particularly in Belgium, and to business delays in the US, mainly as a result of ongoing restructuring.

As we have already said, 2016 is a transitional year that will transform the Group. **Cegedim** continues to invest heavily in innovation and is developing new offerings, notably BPO solutions. **Cegedim's** clients demonstrated their enthusiasm for the new strategy in the first half of 2016, which saw several new contract wins and 3.6% like-for-like revenue growth.

During this transitional period, which affects the business model, profitability is negatively impacted. In an uncertain economic conditions and a challenging geopolitical context, **Cegedim** maintains its target for 2016 revenue and will update the EBITDA target in September. Cegedim expects to start seeing the benefits of its investments, reorganization and transformation in 2017, with the full impact coming in 2018.

Further out, **Cegedim** will enjoy greater customer loyalty, closer client relationships, simpler operating processes, more robust offerings and stronger geographic positions. These changes will also boost the share of recurring revenues, improve sales growth and predictability, and enhance the Group's profitability.

Revenue trends by division

In the first half of 2016

In € millions	Half-year			
	2016	2015	Chg. Reported	Chg. L-f-I
Health insurance, HR and e-services	124.6	110.7	+9.6%	+12.5%
Healthcare professionals	89.4	94.0	(3.0)%	(5.0)%
Activities not allocated	1.6	1.9	(18.4)%	(18.4)%
Cegedim	215.5	206.7	+3.6%	+4.3%

In the first half of 2016, *Cegedim* posted consolidated revenues from continuing activities of €215.5 million, up 4.3% on a reported basis. Excluding an unfavorable currency translation effect of 0.9% and a 1.6% boost from acquisitions, revenues rose 3.6%.

In like-for-like terms, the *Health Insurance, HR and e-services* division's revenue rose by 9.6%, whereas the *Healthcare professionals* divisions' revenues fell by 3.0%.

In the second quarter of 2016

In € millions	Second quarter			
	2016	2015	Chg. Reported	Chg. L-f-I
Health insurance, HR and e-services	64.8	57.0	+10.3%	+13.8%
Healthcare professionals	43.7	48.1	(6.3)%	(9.2)%
Activities not allocated	0.8	1.1	(29.2)%	(29.2)%
Cegedim	109.3	106.2	+2.4%	+2.9%

In the second quarter of 2016, *Cegedim* posted consolidated revenues from continuing activities of €109.3 million, up 2.9% on a reported basis. Excluding an unfavorable currency translation effect of 1.3% and a 1.9% boost from acquisitions, revenues rose 2.4%.

In like-for-like terms, the *Health Insurance, HR and e-services* division's revenue rose by 10.3%, whereas the *Healthcare professionals* divisions' revenues fell by 6.3%.

Analysis of business trends by division

Health insurance, HR and e-services

The division's first half 2016 revenues came to €124.6 million, up 12.5% on a reported basis. The July 2015 acquisition of *Activus* in the UK made a positive contribution of 3.0%. Currencies had virtually no impact. Like-for-like revenues rose 9.6% over the period.

The *Health insurance, HR and e-services* division represented 57.8% of consolidated revenues from continuing activities, compared with 53.6% over the same period a year earlier.

This significant half year 2016 revenue growth was chiefly attributable to:

- *Cegedim Insurance Solutions*, boosted by robust growth in the business of managing third-party payment flows and in software and services for the personal insurance segment. The start of operations with new clients in the software and services segment more than offset the effects of switching over to a cloud-based offering. The *iGestion* BPO solution for health insurers posted double-digit growth. And the division benefited from the July 2015 acquisition of *Activus*.
- Double-digit growth in revenue from operating *Cegedim e-business'* Global Invoice Services, the SaaS platform for electronic data exchanges, including payment platforms, following the start of operations with new clients.
- The start of operations with several clients on the SaaS platform for human resources management at *Cegedim SRH*, resulting in double-digit revenue growth.

The division's second quarter 2016 revenues came to €64.8 million, up 13.8% on a reported basis. The July 2015 acquisition of Activus in the UK made a positive contribution of 3.5%. Currencies had virtually no impact. Like-for-like revenues rose 10.3% over the period.

The trends seen in the first quarter accelerated in the second quarter.

- **Healthcare professionals**

The division's first half 2016 revenues came to €89.4 million, down 5.0% on a reported basis. Currency effects made a negative contribution of 2.0%. There was no impact from acquisitions or divestments. Like-for-like revenues fell 3.0% over the period.

The **Healthcare professionals** division represented 41.5% of consolidated revenues from continuing activities, compared with 45.5% over the same period a year earlier.

The division's second quarter 2016 revenues came to €43.7 million, down 9.2% 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 6.3% over the period.

This decline in revenue in the first half and second quarter of 2016 was mainly attributable to:

- Double-digit growth in **Pulse** revenues in the first half that, however, revenue declined in June due to the postponement of certain projects, chiefly ones related to RCM products. The Group also set up a new, more responsive organization to keep pace with a growing and rapidly changing market, particularly in BPO. Thus changes have been made to local management teams, and the cloud offerings of Nightingale, acquired in late 2015, are being integrated and should be available in the next few months. These efforts will weigh on profitability in the short term but will ensure profitable growth over the long run.
- Brisk growth in offerings for physical therapists and nurses in the second quarter, which more than made up for the shortfall in the first quarter.

These performances were mainly offset by:

- Weaker activity in the computerization of UK doctors, as the market is now moving predominantly to cloud-based offerings. The investments now being made in **Cegedim's** own cloud offering are expected to result in renewed sales growth starting in 2017.
- The short-term negative impact of switching Belgian doctors over to an SaaS model.
- The second-quarter impact of low order intake by the pharmaceutical segment in France at end of 2015. The segment's order book has filled back up since May following the release of the new **Smart Rx**, a comprehensive pharmacy management solution built around a hybrid architecture that combines local and cloud-based computing. The new solution will allow networks amongst individual pharmacies and links with healthcare professionals. Thus, revenues are likely to resume their growth in the next few months.

- **Activities not allocated**

The division's first half 2016 revenues came to €1.6 million, down 18.4% 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 0.7% of consolidated revenues from continuing activities, compared with 0.9% over the same period a year earlier.

The division's first quarter 2016 revenues came to €0.8 million, down 29.2% both 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.

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 2.1.1.1 on page 14 of the Q1-2016 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

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

Outlook

In an uncertain economic conditions and a challenging geopolitical context, *Cegedim* maintains its target for 2016 revenue and will update its EBITDA target in September. *Cegedim* expects to start seeing the benefits of its investments, reorganization and transformation in 2017, with the full impact coming in 2018. For 2016, *Cegedim* expects revenues from continuing activities to be at least stable.

- **Potential impact of Brexit**

In 2015, the UK represented 15.1% of consolidated Group revenue and 19.2% of Group EBIT.

Cegedim operates in the UK in local currency, as it does in all the countries where it operates. Thus, the impact on the consolidated Group EBIT margin should be marginal.

The Group does not expect any significant acquisitions in 2016 and does not disclose profit projections or estimates.

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 Q1 2016.

Financial calendar

September 15, 2016 , after market closing	2016 Half-year earnings
September 15, 2016 , at 10am CET	Analyst meeting (SFAF meeting)
November 29, 2016 , after market closing	Q3 2016 earnings

July 26, 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 H1 2016 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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Annexe

Breakdown of revenue by quarter and division

- Year 2016

<i>In € thousands</i>	Q1	Q2	Q3	Q4	Total
Health insurance, HR and e-services	59,728	64,847			124,575
Healthcare professionals	45,687	43,676			89,363
Activities not allocated	793	778			1,572
Cegedim	106,208	109,301			215,509

- Year 2015

<i>In € thousands</i>	Q1	Q2	Q3	Q4	Total
Health insurance, HR and e-services	53,712	57,000			110,712
Healthcare professionals	45,931	48,093			94,024
Activities not allocated	825	1,100			1,925
Cegedim	100,468	106,193			206,661

Breakdown of revenue by geographic zone and division

- As of June 30, 2016

In € thousands	France	EMEA excl. France	Americas	APAC
Health insurance, HR and e-services	96.1%	3.9%	-	-
Healthcare professionals	57.4%	33.3%	9.2%	-
Activities not allocated	99.1%	0.9%	-	-
Cegedim	80.1%	16.1%	3.8%	-

Breakdown of revenue by currency and division

- As of June 30, 2016

In € thousands	Euro	USD	GBP	Others
Health insurance, HR and e-services	96.1%	-	2.7%	1.2%
Healthcare professionals	60.1%	9.2%	29.7%	1.0%
Activities not allocated	100.0%	-	-	-
Cegedim	81.2%	3.8%	13.9%	1.1%

Restatement of the accounting treatment of the financial lease business in the group consolidated financial statement

Cegelease is a wholly owned subsidiary of *Cegedim*, which since 2001 has offered financing options through a variety of contracts dedicated to pharmacies and healthcare professionals in France. Initially, these solutions were aimed at serving pharmacists who preferred to lease the pharmacy management software they bought from the *Cegedim* group rather than pay up front. Over time, *Cegelease* has diversified its activities. Having started as the exclusive financial lease provider for *Cegedim* group products, *Cegelease* is now a broker proposing a variety of leasing solutions (for group products as well as products developed by third parties) 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 these activities in depth 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, pages 89 to 94. Impacts on first half 2015 consolidated financial statements are described below.

- First quarter 2015 revenue by division

In € thousand	Q1 2015 reported	IFRS 5 impact for Cegedim Kadrigé	Restatement of leases	Division aggregation	Q1 2015 restated
		(1)	(2)	(3)	
Health insurance, HR and e-services	54,004	(292)	-	-	53,712
Healthcare professionals	37,187	-	-	8,744	45,931
Cegelease	29,293	-	(20,549)	(8,744)	-
Activities not allocated	825	-	-	-	825
Cegedim	121,309	(292)	(20,549)	-	100,468

- **Second quarter 2015 revenue by division**

<i>In € thousand</i>	Q2 2015 reported	IFRS 5 impact for Cegedim Kadrigé (1)	Restatement of leases (2)	Division aggregation (3)	Q2 2015 restated
Health insurance, HR and e-services	57,546	(546)	-	-	57,000
Healthcare professionals	39,352	-	-	8,741	48,093
Cegelease	26,842	-	(18,101)	(8,741)	-
Activities not allocated	1,100	-	-	-	1,100
Cegedim	124,839	(546)	(18,101)	-	106,193

- **Half-year 2015 revenue by division**

<i>In € thousand</i>	HY 2015 reported	IFRS 5 impact for Cegedim Kadrigé (1)	Correction of leases (2)	Division aggregation (3)	HY 2015 restated
Health insurance, HR and e-services	111,549	(837)	-	-	110,712
Healthcare professionals	76,539	-	-	17,485	94,024
Cegelease	56,134	-	(38,650)	(17,485)	-
Activities not allocated	1,925	-	-	-	1,925
Cegedim	246,148	(837)	(38,650)	-	206,661

(1) The Cegedim Group decided to sell the Kadrigé 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 by a bank) requires a downward restatement of the Q1 2015 consolidated revenue by €21m, of the Q2 2015 consolidated revenue by €18m, and the HY 2015 consolidated revenue by €39m.

(3) The financial lease business accounts for less than 10% of the consolidated revenue or EBITDA, and as such is no longer isolated within the Group internal reporting. These activities are reported into the "Healthcare professionals" division, where they were classified prior to 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 3,600 people in 11 countries and generated revenue of €426 million in 2015. Cegedim SA is listed in Paris (EURONEXT: CGM).

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

And follow Cegedim on Twitter: [@CegedimGroup](https://twitter.com/CegedimGroup)

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