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CompuGroup Medical SE – Synchronizing Healthcare

## **1<sup>st</sup> quarter 2017 – Conference Call**

**04 May, 2017 - Christian B. Teig, CFO**



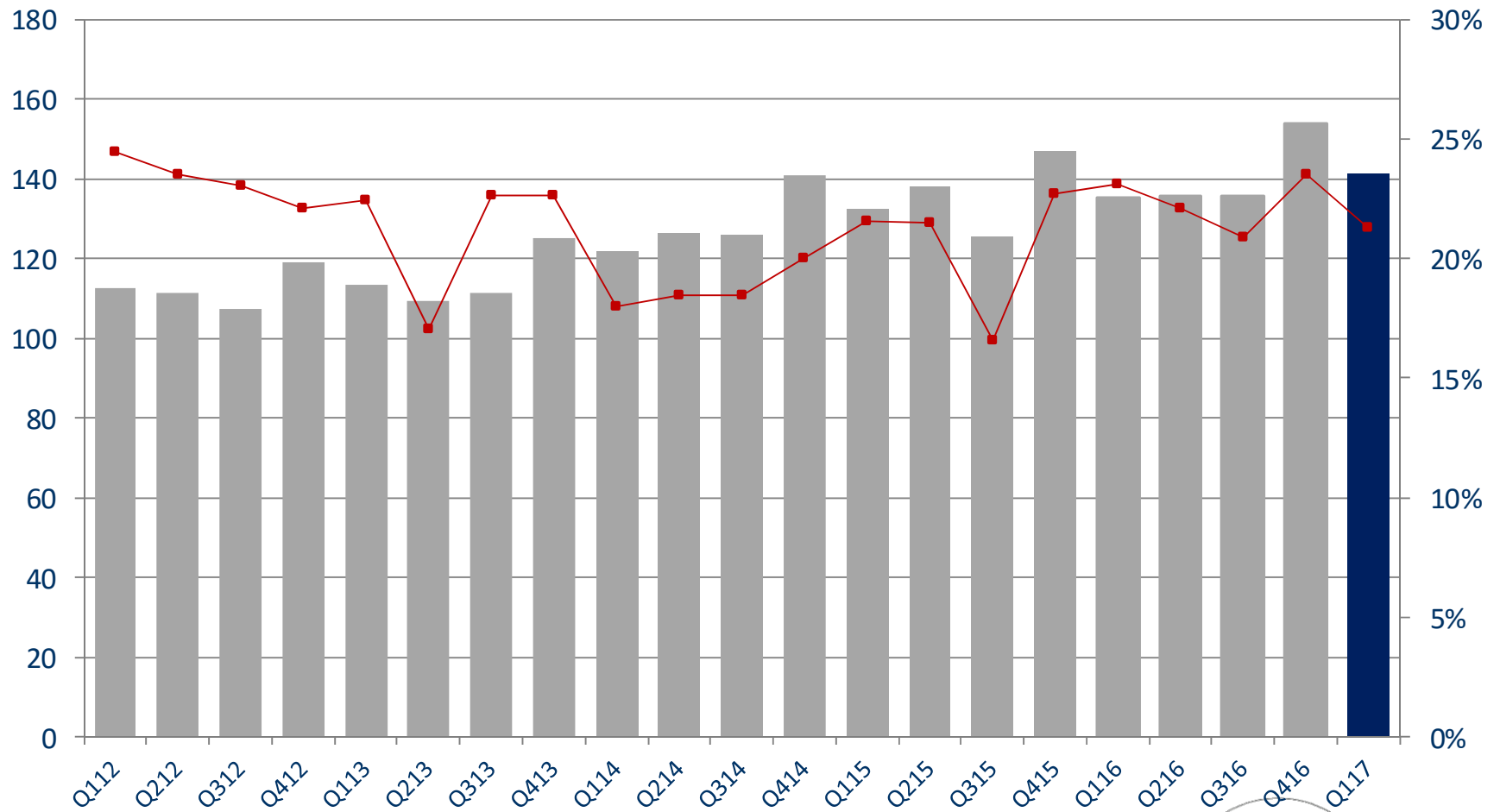
# Key figures first quarter 2017

€ M	Q1 17	Q1 16	Change	2016
Revenue	141.5	135.2	5%	543.1
EBITDA	30.1	31.2	-4%	112.3
EBIT	20.0	20.7		67.8
EBT	18.8	14.9		62.2
Net income	12.5	9.8		38.6
EPS (€)	0.25	0.20		0.77
Cash net income*	19.8	17.3		72.9
Cash net income per share (€)	0.40	0.35		1.47

\*Net income before minority interest plus amortization of intangible assets less amortization on in-house capitalized software

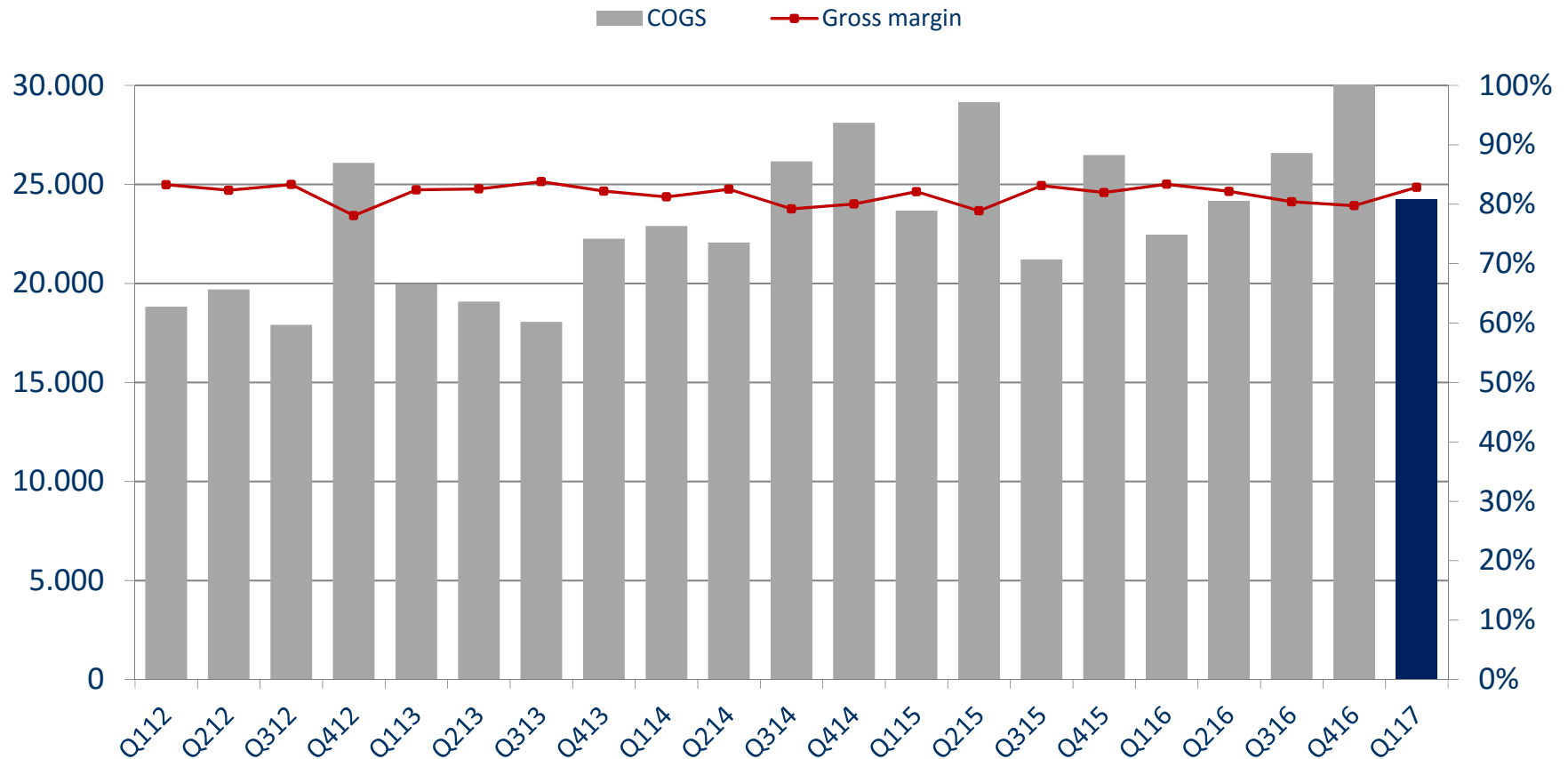
# 2012 – 2017 per quarter

Revenue (€ M) / profitability (EBITDA%)



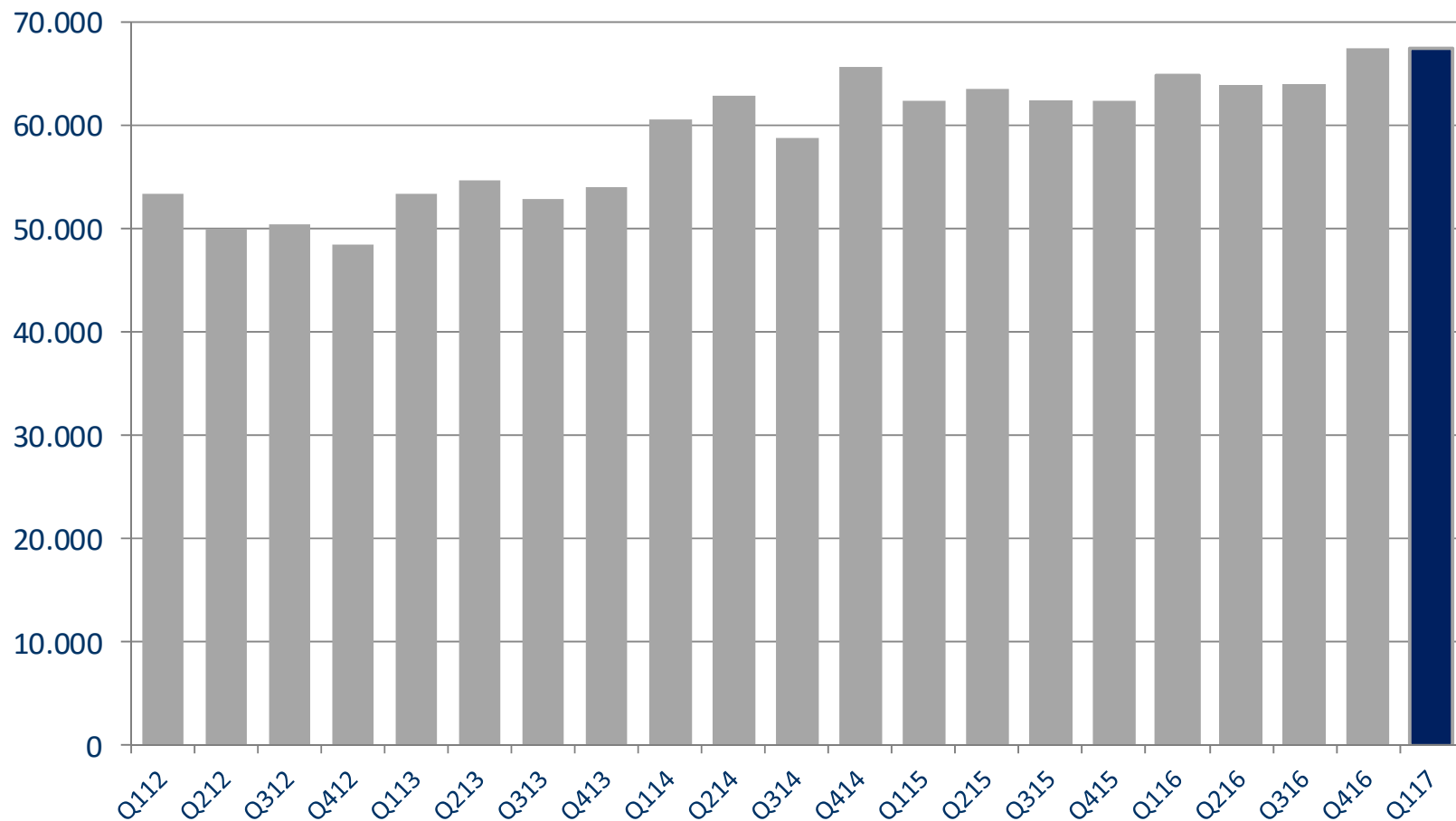
# COGS and gross margin

Cost of goods sold and gross margin (€ '000 / percent)



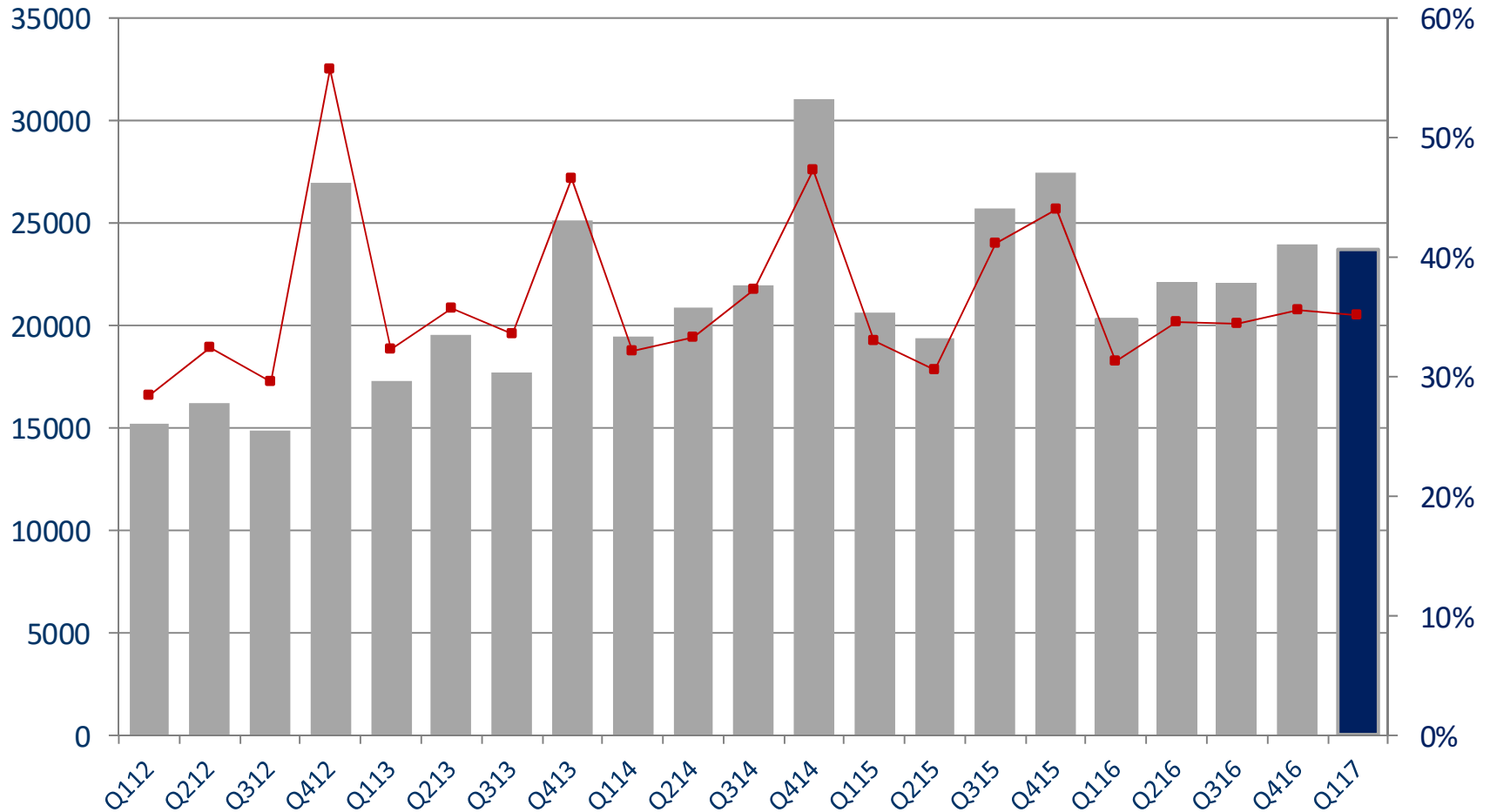
# Personnel expenses

€ '000



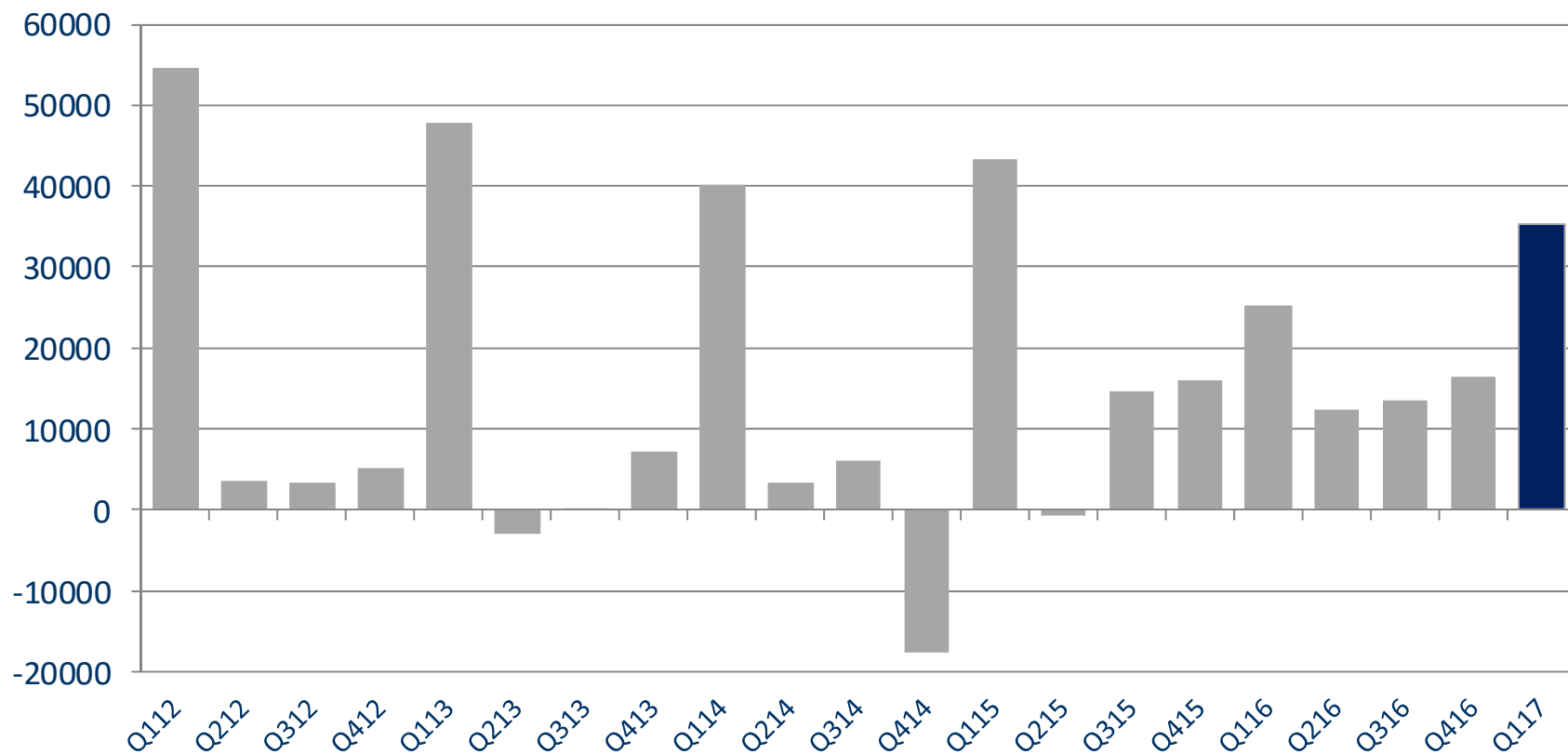
# Other expenses

Other expenses (€ '000) / percent of personnel expenses



# Operating cash flow

€ '000



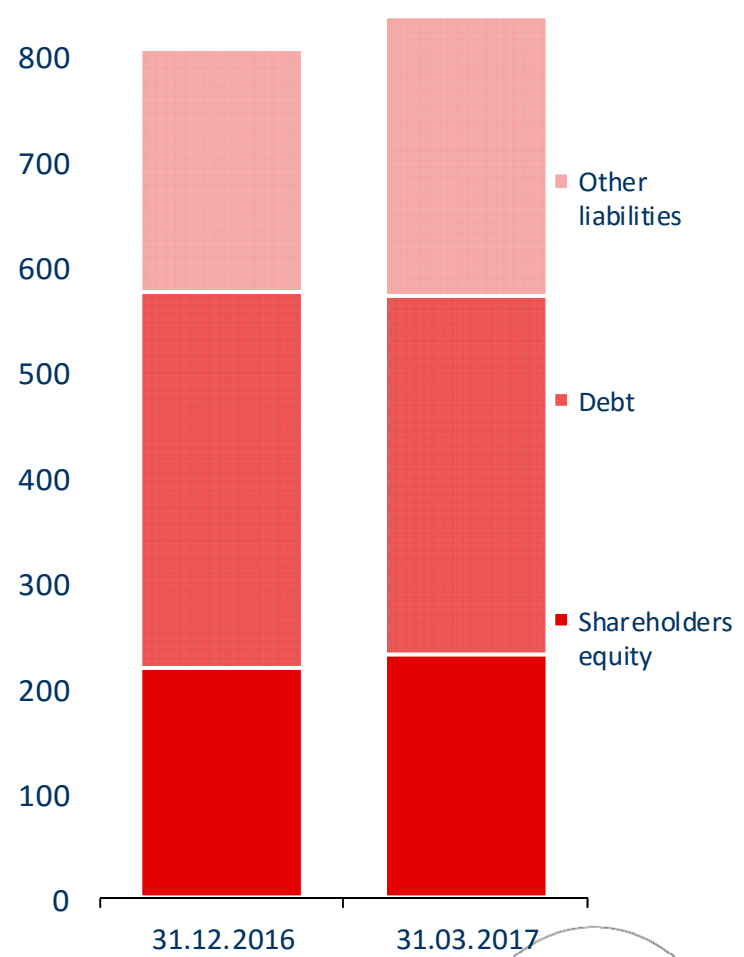
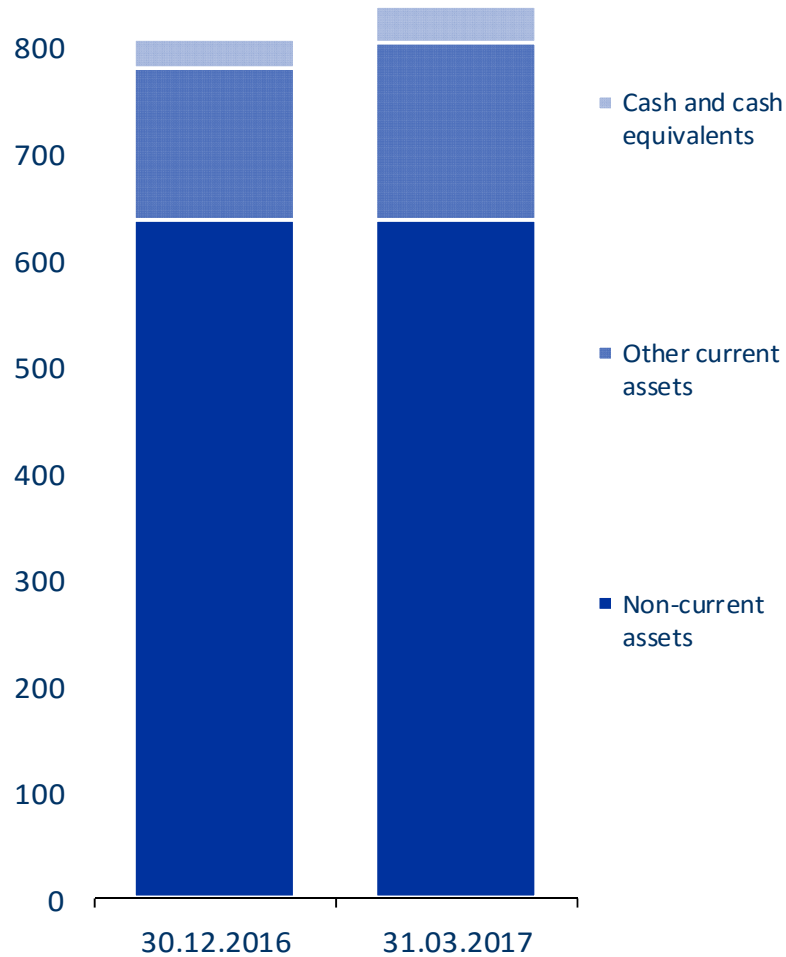
# Capital expenditure

€ M	Q1 2017
Company acquisitions	1.7
Purchase of minority interest and past acquisitions	1.1
Capitalized in-house services and other intangible assets	3.8
Cash outflow for capital expenditure in joint ventures	1.0
Office buildings and property	0.1
Other property and equipment	2.9
<b>Sum</b>	<b>10.6</b>



# Statement of financial position

€ M



# Software for doctors

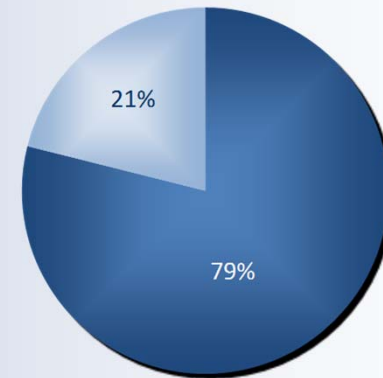


# Doctor software development

## AIS revenue Q1 2017

100% = 83.7 € M

	€ M	%
Revenue Q1 2016	79.0	
Acquisitions	0.9	1%
Organic growth	3.8	5%
Revenue Q1 2017	83.7	6%



■ Recurring service fees    ■ Non-recurring sales

- The doctor and dental software business started the year with 5 percent organic growth
- The growth is fueled by normal positive developments in most European markets whereas revenue in the United States continues to be flat year-on-year.
- Revenue recognized from the gematik project now begins to trickle down as the project nears completion and was less than EUR 1 million in the AIS segment in the first quarter

# Telematics Infrastructure pilot project (ORS1)

- The full scale pilot in the Northwest region was launched in December 2016.
- Close to all test installations have now been successfully connected, more than 550,000 tests of the insured master data (VSDM) have been successfully carried out and information on more than 125,000 electronic health cards have been updated in real time.
- As a result, CGM has exceeded the project target of half a million online card tests more than two months before the end of the trial period.
- The installations and pilot operation are running without any material problems.
- Based on the successful results so far, CGM assumes that sufficient results will be available so that the nationwide roll-out of the Telematics Infrastructure can start from July 2017 onward.



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*Formerly Booz & Company*



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## Other prerequisites for nation-wide roll-out

- Financing agreements between healthcare providers and insurers
- Security certification and accreditation of all infrastructure components for productive operation, including connectors and card readers
- Today's components and services are only certified and approved for testing in the pilot project and the suppliers have to apply for a new certification at the Federal Office for Information Security (BSI) and for final accreditation by gematik
- In March, gematik provided all final specifications for online productive operation (stage 1)
- All required components and their suppliers are now in the final certification and approval procedures with the goal to complete everything by July 2017
- Time pressure is intense!

# Financing agreements

- In March, the main association of dental practitioners (KZBV) and the top association of the health insurance funds (GKV-Spitzenverband) agreed on a principle financing agreement
  - The specific amounts to be reimbursed will be set out in a separate agreement but will in any case be calculated so that it fully covers the lowest available costs of a standard initial installation as well as a standard operating package
- In May, the main association of practicing physicians (KBV) and the GKV-Spitzenverband also agreed on a financing agreement
  - This agreement includes specific amounts that will be reimbursed to doctors both for initial expenses and recurring operating costs
  - A financial incentive mechanism has also been built in which gives doctors who connect early to the Telematics Infrastructure a higher reimbursement compared to those who connect later

# Software for pharmacies

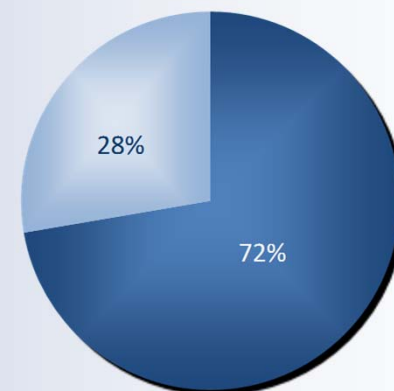


# Pharmacy software development

## PCS revenue Q1 2017

100% = 24.9 € M

	€ M	%
Revenue Q1 2016	22.0	
Acquisitions	1.9	9%
Organic growth	1.0	4%
Revenue Q1 2017	24.9	13%



■ Recurring service fees    ■ Non-recurring sales

- The pharmacy software business started the year with 4 percent year-on-year organic growth
- Further 9 percent growth contribution from the acquisition of two dealers in Italy in September 2016 (Vega and CSI Calabria).

Recurring service fees include non-IFRS revenue from hardware rental contracts (IFRS financial leasing)



# Software for hospitals

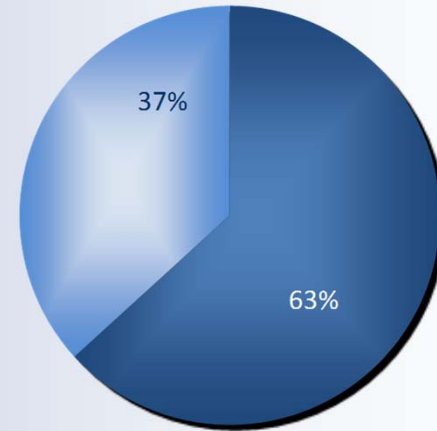


# Hospital software development

## HIS revenue Q1 2017

100% = 17.3 € M

	€ M	%
Revenue Q1 2016	17.4	
Acquisitions		
Organic growth	-0.1	-1%
Revenue Q1 2017	17.3	-1%



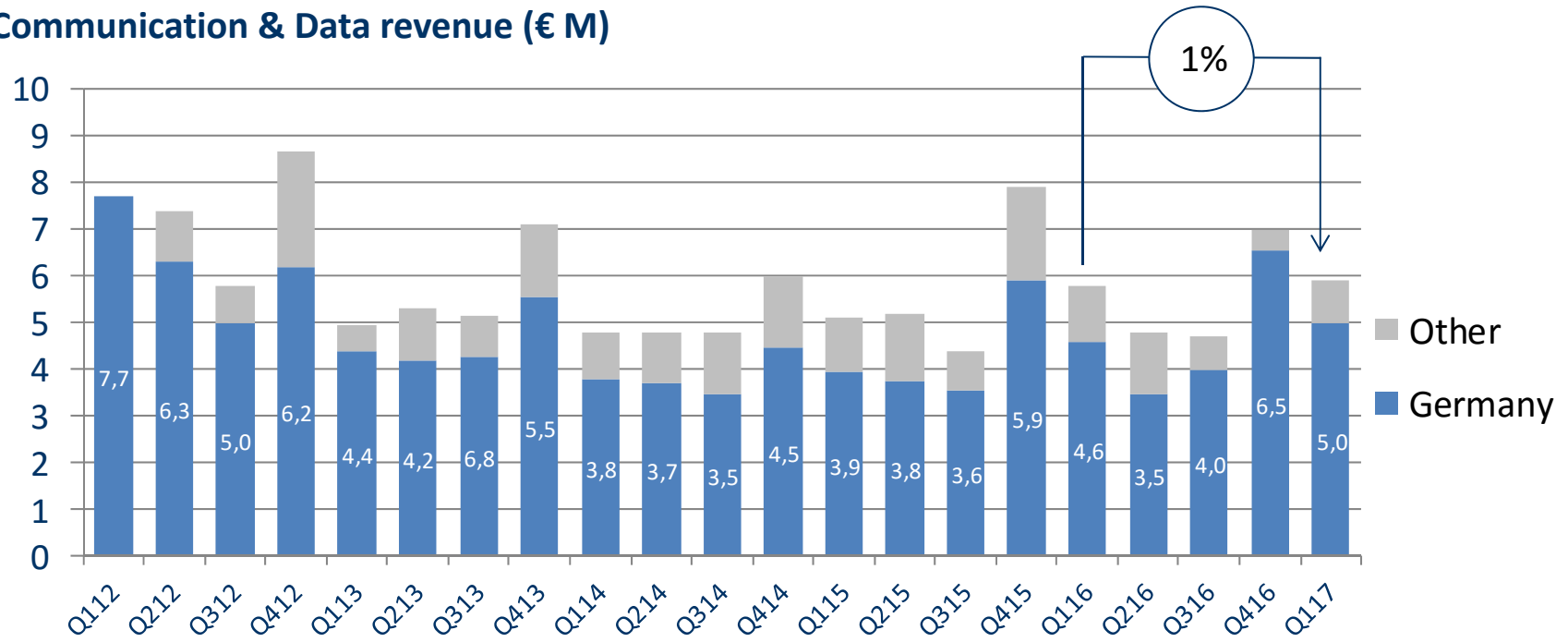
■ Recurring service fees

■ Non-recurring sales

- In the hospital segment, the start to 2017 has been somewhat slower than expected
- In terms of overall revenue development, there is also an additional effect from the strategic exit from the hospital markets in Turkey and the Middle-East which was done during 2016

# Communication & Data development

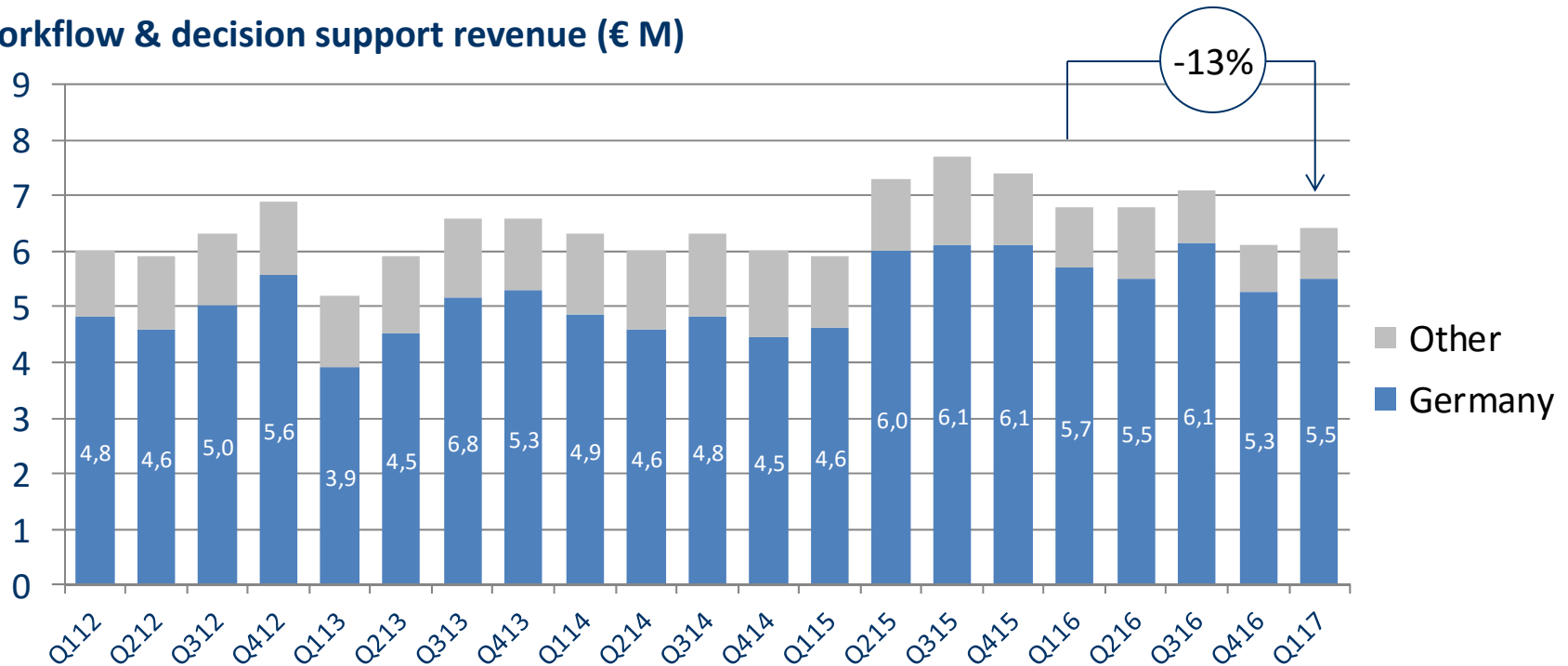
Communication & Data revenue (€ M)



- The Communication & Data business starts 2017 with positive organic growth
- This development is a result from an increased number of projects in medical value communication for originator companies

# Workflow & decision support development

Workflow & decision support revenue (€ M)



- Several projects which contributed to revenue in 2016 were not replaced or followed-up this year
- For the full year 2017, revenue continues to be expected at the same level as in 2016

# Guidance 2017

- CGM reaffirms guidance for 2017:
  - Revenue is expected to be in the range of EUR 600 million to EUR 630 million
  - Operating income (EBITDA) is expected to be in the range of EUR 138 million to EUR 150 million
- The guidance is based on the assumption that the roll-out of the Telematics Infrastructure in Germany will begin in the middle of 2017 with a gradual increase in monthly installations over the second half of the year.
- The guidance does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2017
- The guidance for 2017 represents management's best estimate of the market conditions that will exist in 2017 and how the business segments of CGM will perform in this environment

# Financial calendar 2017

Date	Event
February 03, 2017	Preliminary Q4/Full Year Report 2016
March 31, 2017	Annual Report 2016
May 04, 2017	Interim Report Q1 2017
May 10, 2017	Annual General Meeting 2017
August 03, 2017	Interim Report Q2 2017
October 12, 2017	Investor and Analyst Conference
November 09, 2017	Interim Report Q3 2017

## Q&A session

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If you would like to raise questions, please press **\*1** on your telephone

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