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CompuGroup Medical SE – Synchronizing Healthcare

## **2<sup>nd</sup> quarter 2016 – Conference Call**

**04 August, 2016 - Christian B. Teig, CFO**



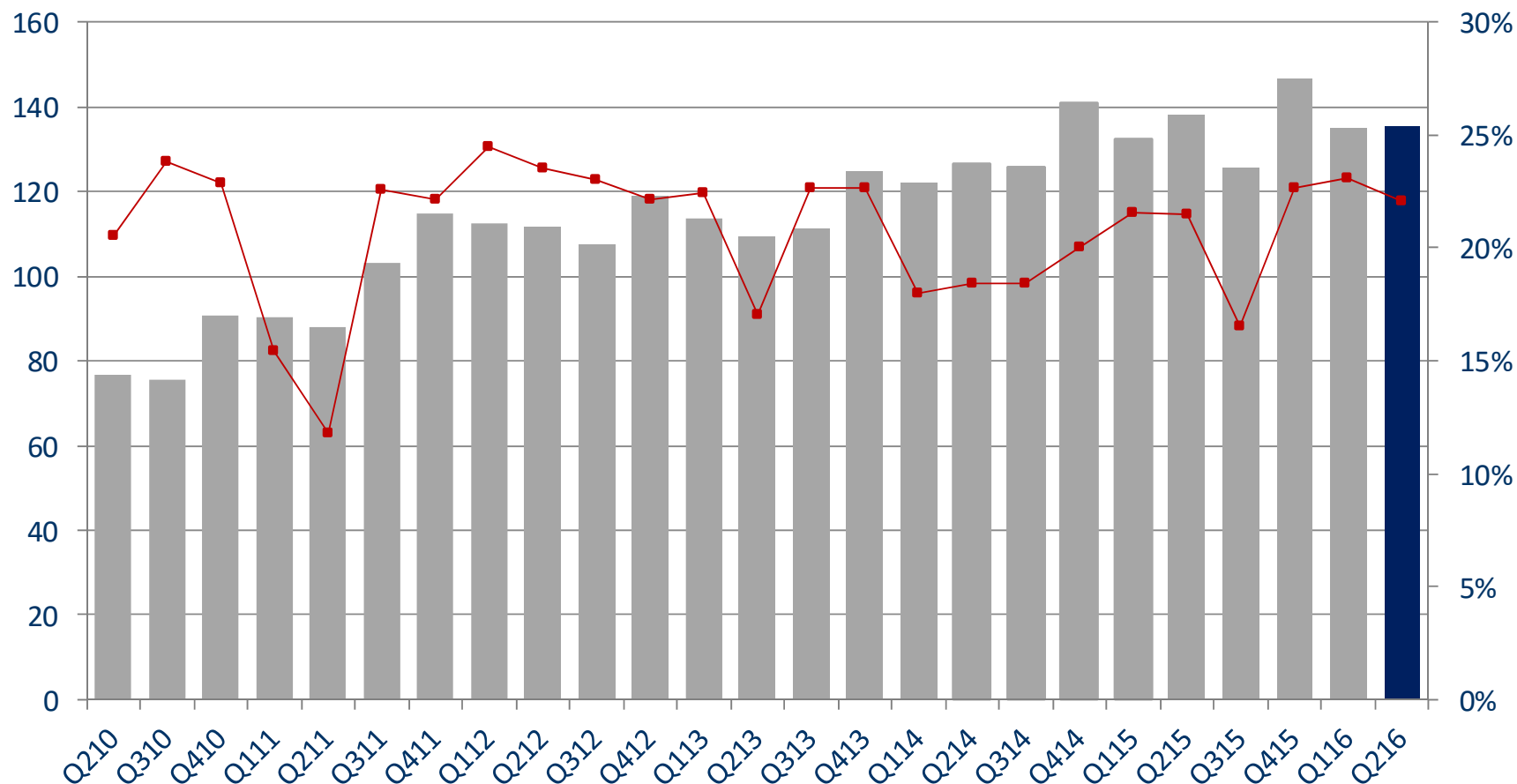
# Key figures second quarter 2016

€ M	Q2 16	Q2 15	Change	2015
Revenue	135.6	138.1	-2%	543.1
EBITDA	29.9	29.7	+/-	112.3
EBIT	18.0	19.2		67.8
EBT	18.7	11.3		62.2
Net income	12.6	4.1		38.6
EPS (€)	0.25	0.08		0.77
Cash net income*	21.7	11.7		72.9
Cash net income per share (€)	0.44	0.24		1.47

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

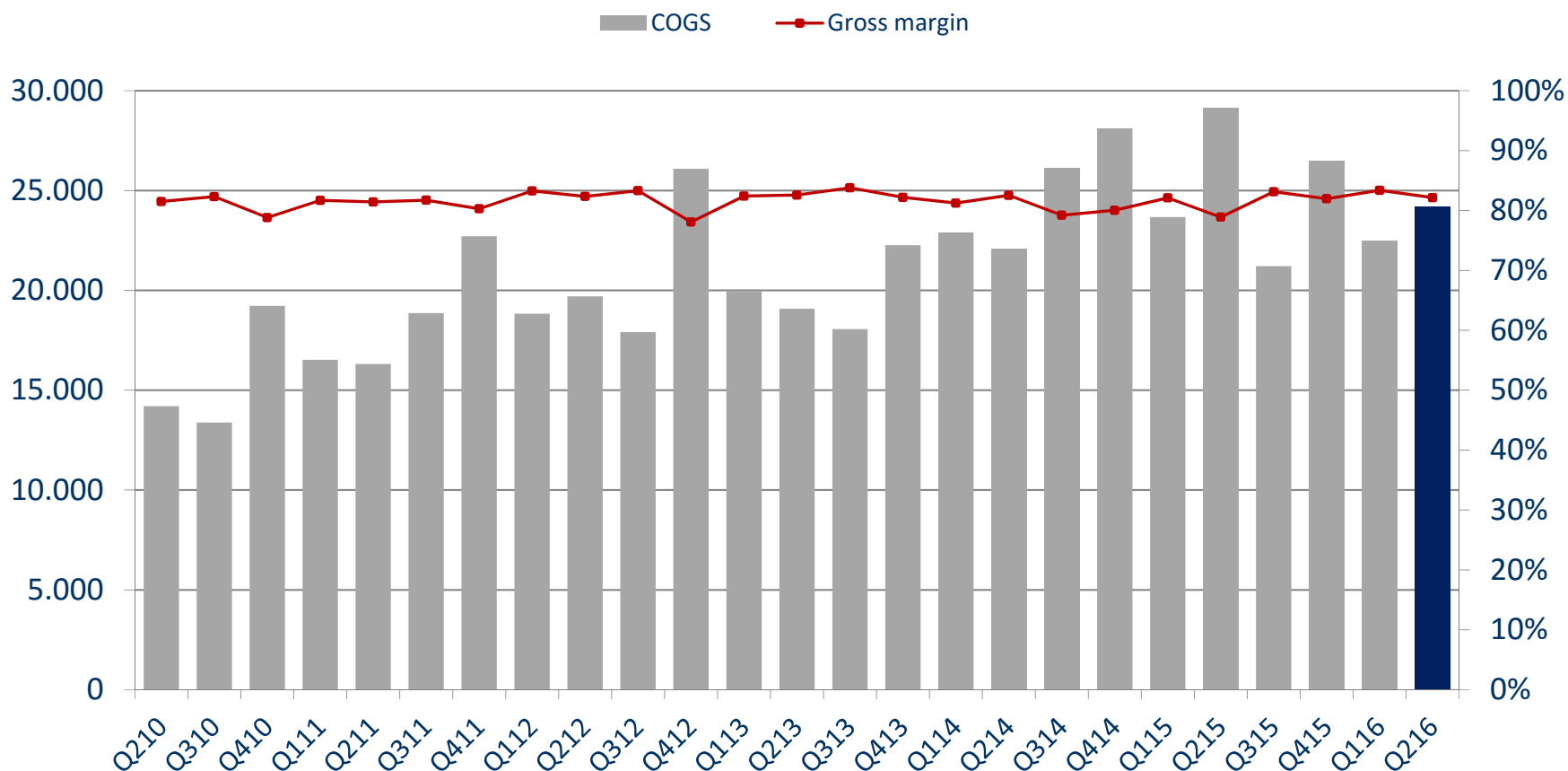
# 2010 – 2016 per quarter

Revenue (€ M) / profitability (EBITDA%)



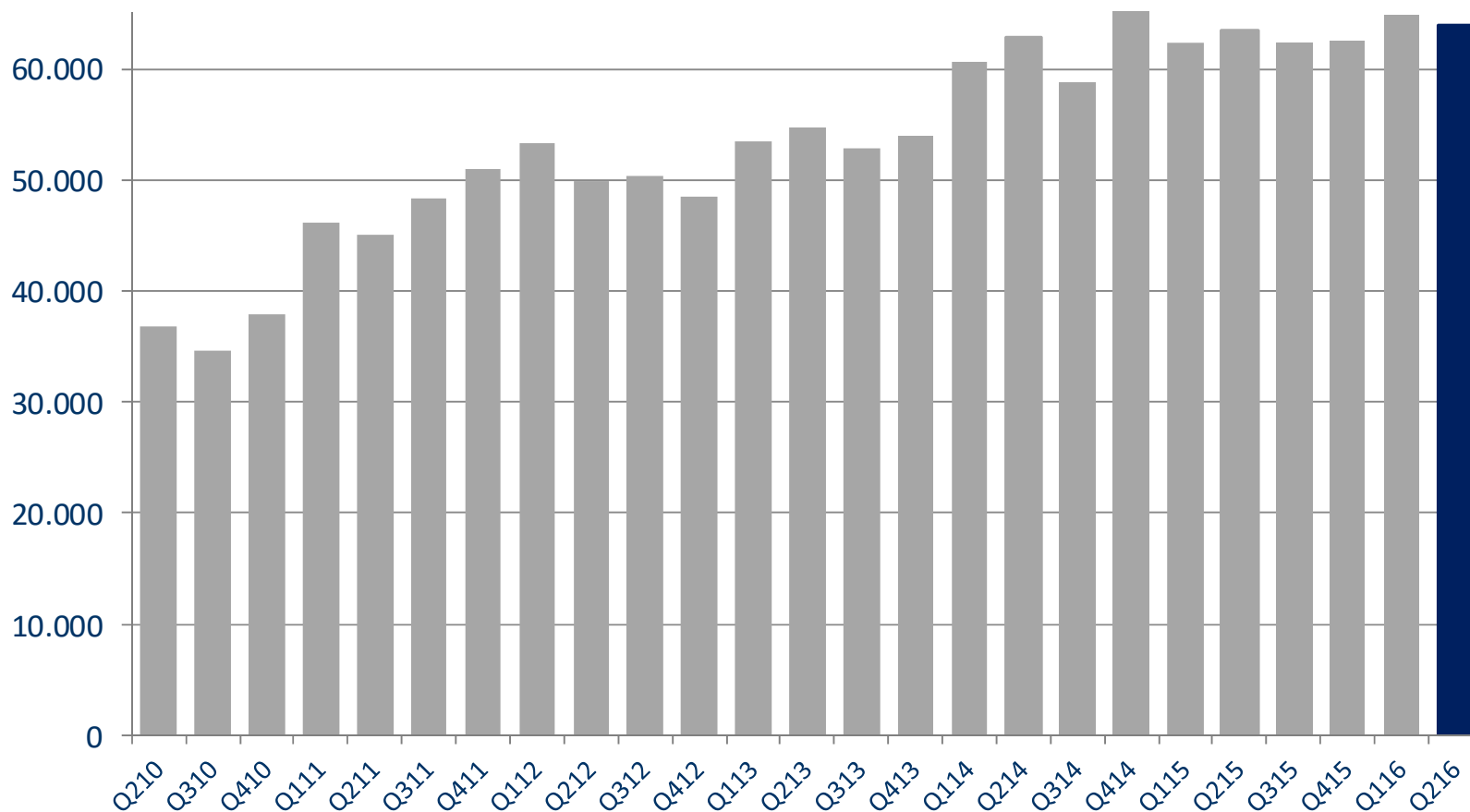
# COGS and gross margin

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



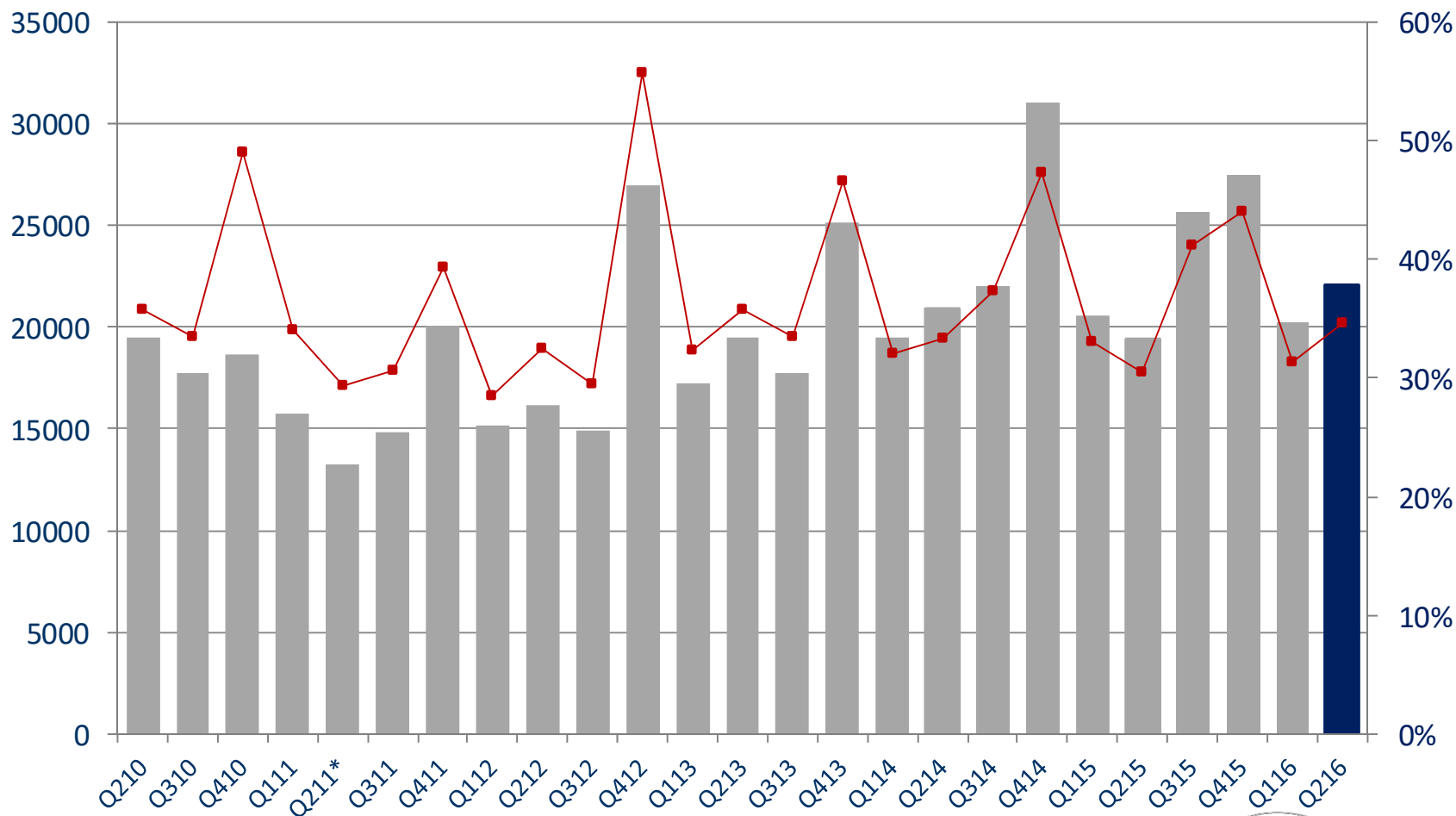
# Personnel expenses

€ '000



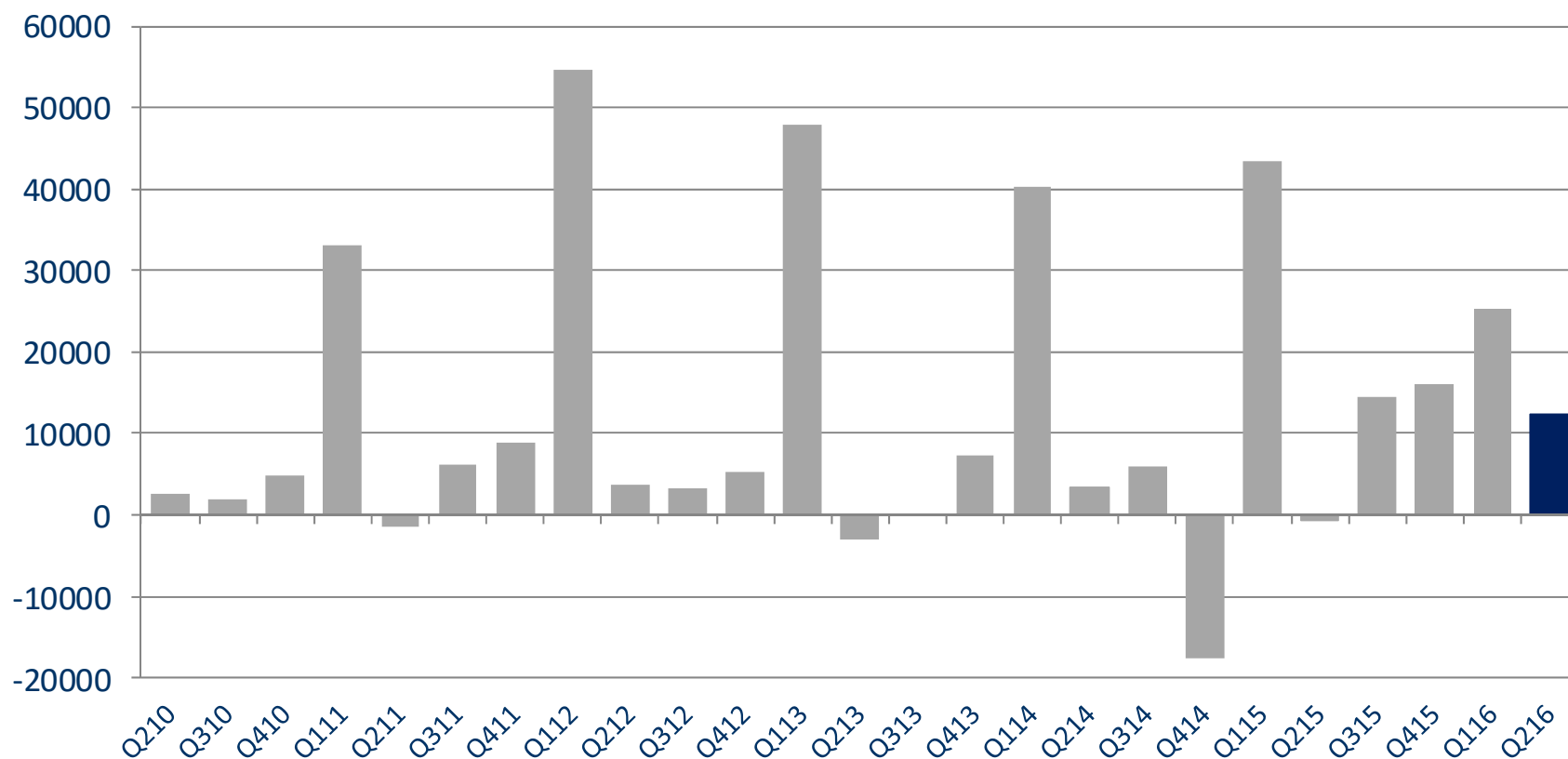
# Other expenses

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



# Operating cash flow

€ '000



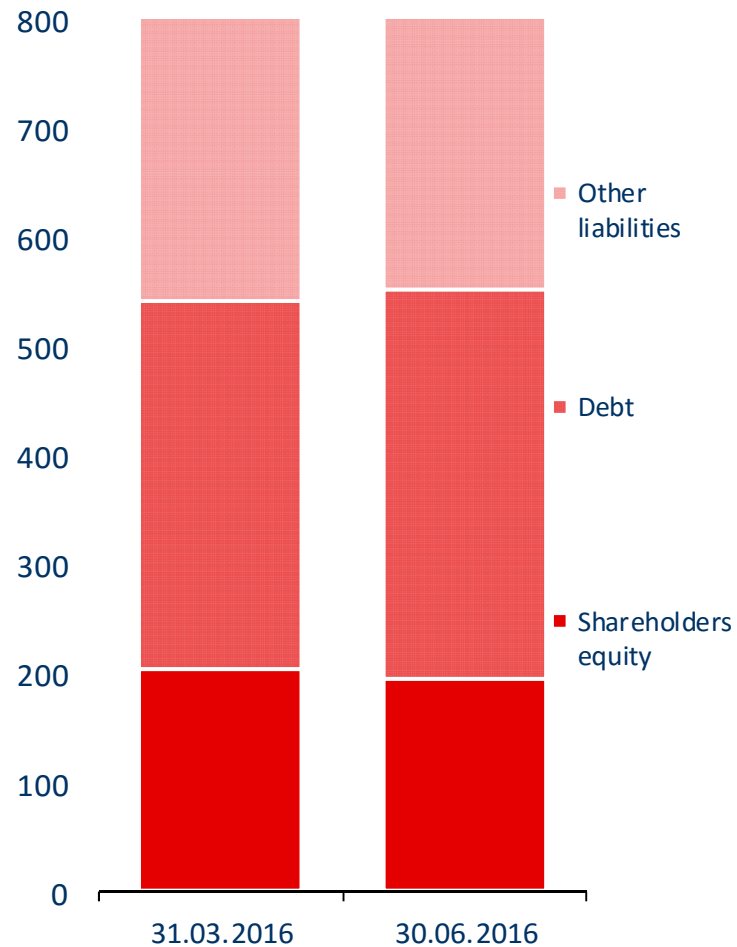
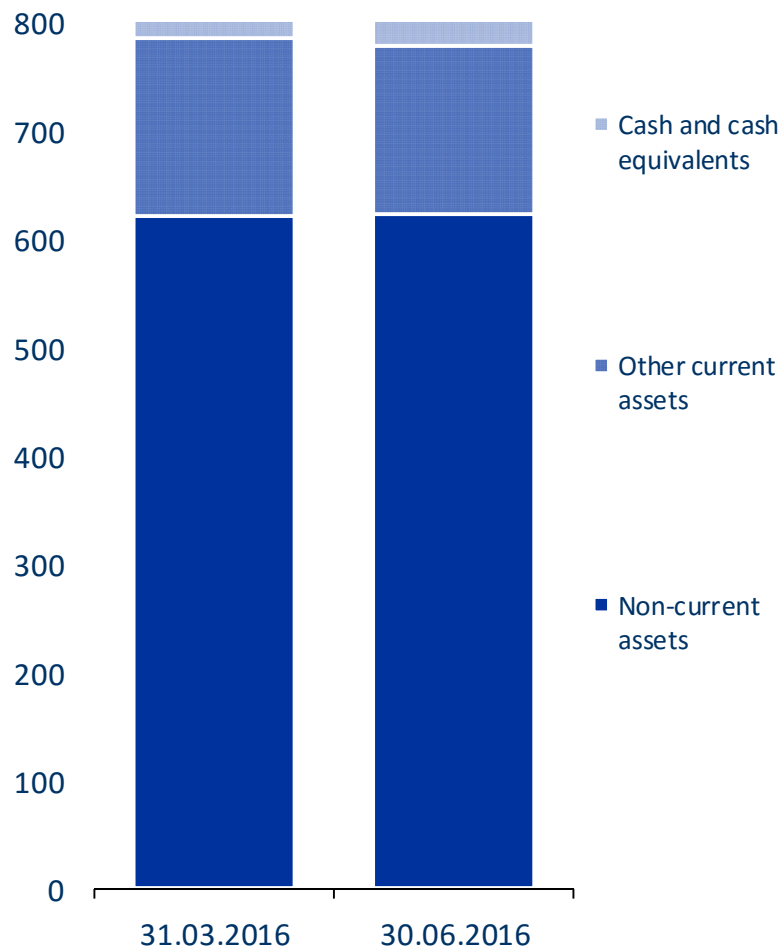
# Capital expenditure

€ M	Q2 2016
Company acquisitions	0.0
Purchase of minority interest and past acquisitions	0.4
Capitalized in-house services and other intangible assets	3.7
Office buildings and property	0.1
Other property and equipment	9.7
<b>Sum</b>	<b>13.9</b>

- The investment in other property and equipment includes the purchase of a new corporate aircraft for EUR 8.2 million as well as the disposal of the previous corporate aircraft for EUR 2.0 million
- CGM also invested EUR 1.6 million in a data center renewal in Austria during the second quarter to continue to provide outsourced data center services for a large hospital customer

# Statement of financial position

€ M



# Software for doctors

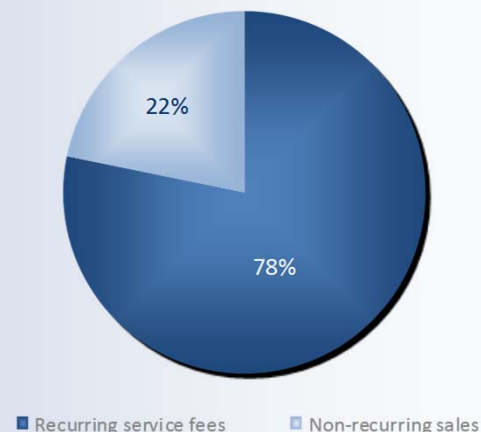


# Doctor software development

## AIS revenue Q2 2016

100% = 80.8 € M

	€ M	%
Revenue Q2 2015	80.5	
Acquisitions	1.0	1%
Organic growth	-0.7	-1%
Revenue Q2 2016	80.8	+/-



- Flat organic revenue development at constant currency
- For software maintenance and other recurring service fees, year-on-year organic growth at constant currency is 4 percent
- Lower than normal public sector spending in Sweden and Italy as well as delayed market launch of certain add-on modules in Germany lowers other revenue streams

# Telematik Infrastructure pilot project

- The project customer (gematik) has published a status report as of 30 June 2016 and is committed to provide status updates at regular intervals going forward
- The status report restates all milestones in the eHealth law without further comment
- It is confirmed that the testing in the project can be done with existing card readers with a software update
- The status of both Konnektors (both test regions) is listed as “undergoing the approval test by gematik and the evaluation process for certification by the Federal Office for Information Security (BSI)”
- All other components of the Telematik Infrastructure are listed as either being finished or undergoing the approval test by gematik



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# Software for pharmacies

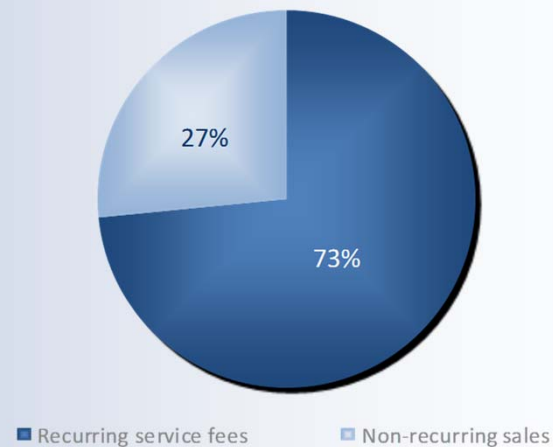


# Pharmacy software development

## PCS revenue Q2 2016

100% = 22.7 € M

	€ M	%
Revenue Q2 2015	22.8	
Acquisitions	0.0	
Organic growth	-0.1	
Revenue Q2 2016	22.7	+/-



- Similar to the doctor and dental software business, the pharmacy software business continued the year with a flat revenue development in the second quarter
- It is again revenue from low margin hardware sales and professional services falling behind whereas software maintenance and other recurring service fees are growing steadily as planned

# Software for hospitals

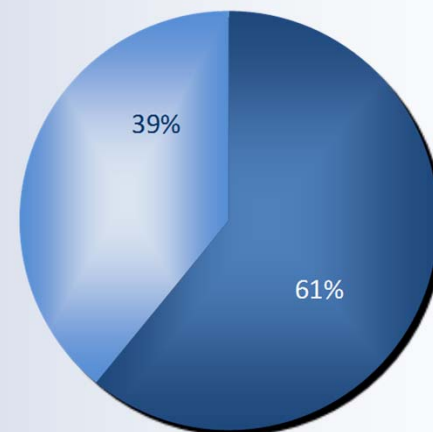


# Hospital software development

## HIS revenue Q2 2016

100% = 16.9 € M

	€ M	%
Revenue Q2 2015	19.8	
Acquisitions	0.5	2%
Organic growth	-3.4	-17%
Revenue Q2 2016	16.9	-15%



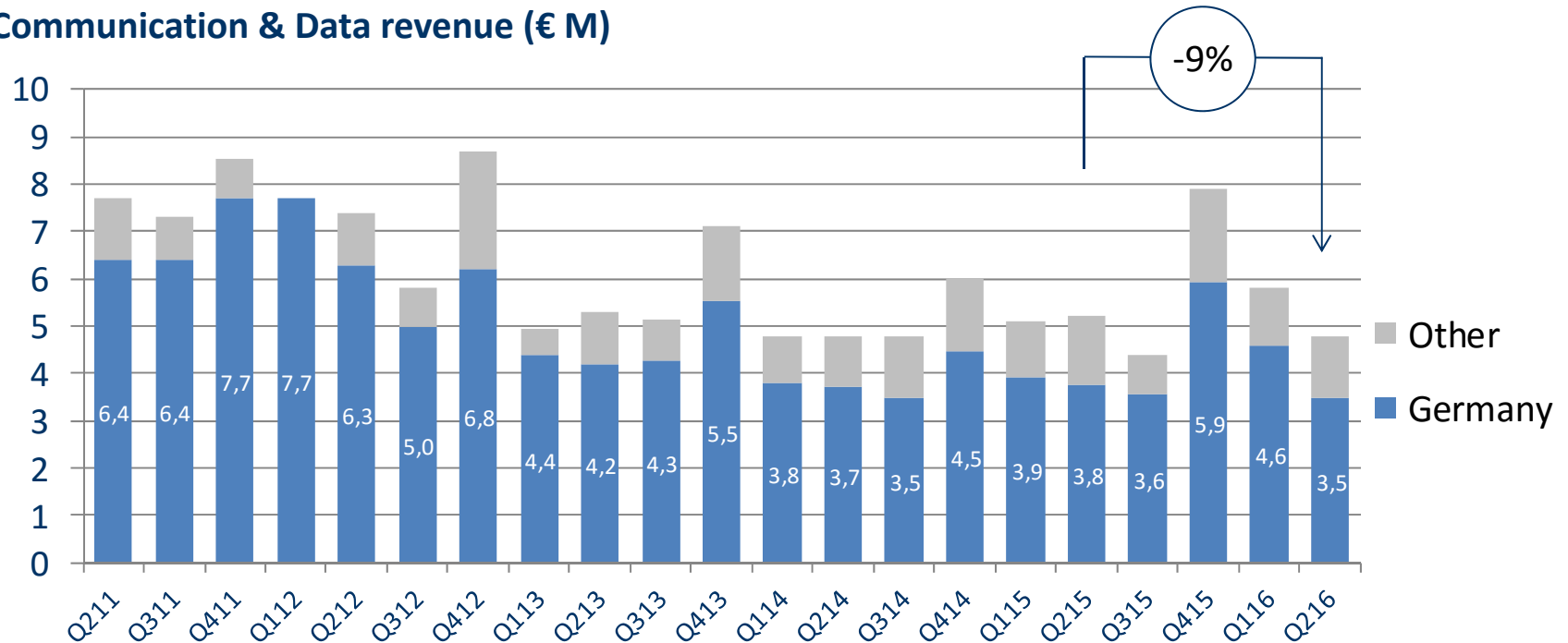
■ Recurring service fees

■ Non-recurring sales

- The markets in Austria, Switzerland and Germany are performing well based on a good backlog of already contracted project revenue
- Developments in Eastern Europe, Turkey and the Middle-East are exceptionally weak, and together constitute more than the entire organic revenue decline
- The biggest impact comes from Poland where basically all government and EU-sponsored projects have been discontinued

# Communication & Data development

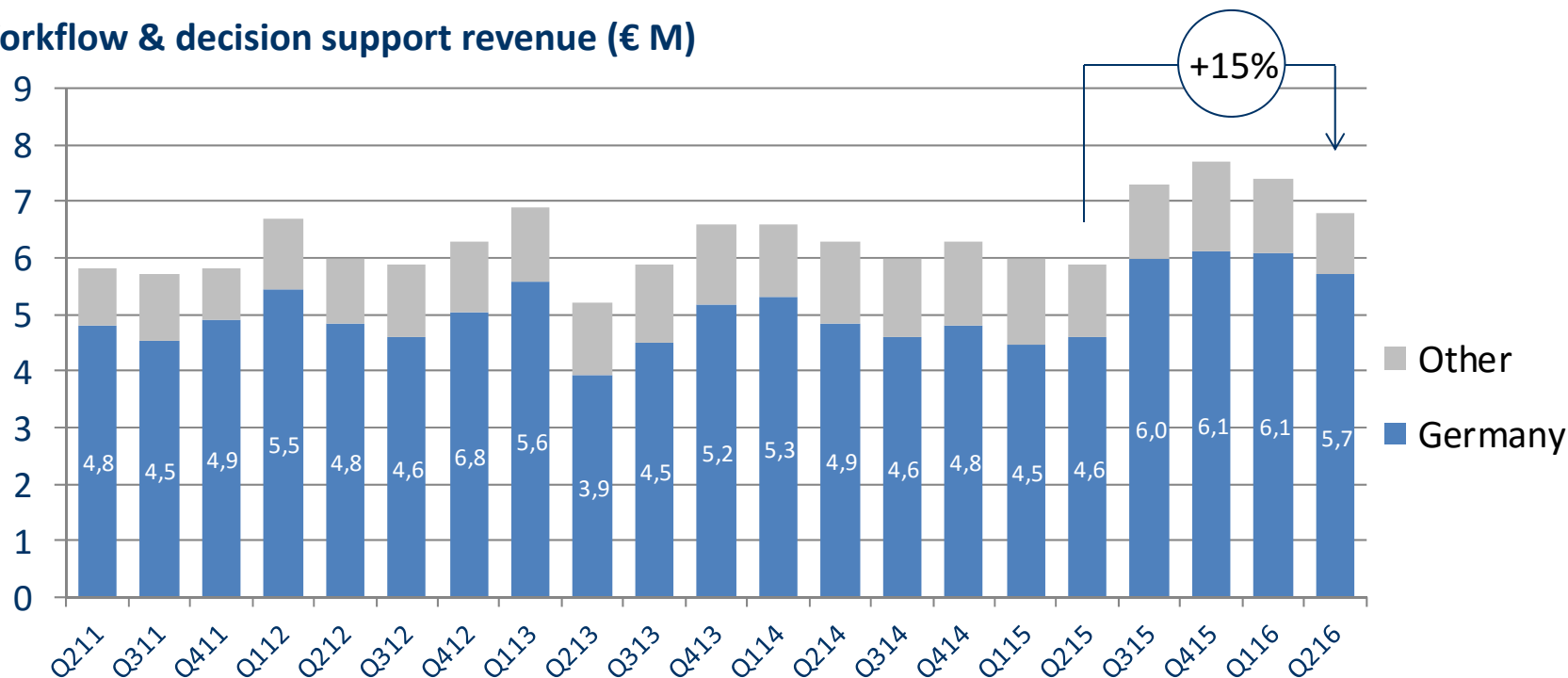
Communication & Data revenue (€ M)



- After a strong first quarter with 14 percent organic growth, the second quarter in the Communication & Data business reversed some of these gains
- These are normal quarterly fluctuations for this business segment
- For the first six months of 2016 together, the Communication & Data business has developed as expected with positive organic growth

# Workflow & decision support development

Workflow & decision support revenue (€ M)



- The workflow & decision support business follows up from the strong start to 2016 with 15 percent organic revenue growth in the second quarter
- This revenue step-up predominantly comes from new CardTrust contracts with statutory health insurance companies in Germany and revenue from the new Joint Venture with AXA Group

# Expected developments

- CGM delivered lower than anticipated revenue for the first six months of 2016
- Software maintenance and other recurring services have grown with 4 percent at constant exchange rates, and the revenue shortfall is entirely in the short-term, sales driven part of the business model
- To compensate for this, CGM has launched several new initiatives and campaigns to stimulate revenue from hardware, software and services in the second half of 2016
- In addition, the seasonality is expected to be different in 2016 compared to 2015 due to special negative effects on second-half revenue in 2015 which are not expected to repeat this year
- With this improvement projected over the remaining six months of 2016, CGM reaffirms the outlook presented in the 2015 Annual Report published 31 March 2016

# Guidance 2016 reaffirmed

- CGM reaffirms guidance for 2016:
  - Revenue is expected to be in the range of EUR 560 million to EUR 570 million
  - Operating income (EBITDA) is expected to be in the range of EUR 125 million to EUR 133 million
- The guidance includes all expected additional expenses during 2016 to prepare CGM for the beginning of the nation-wide roll-out of the Telematics Infrastructure in Germany
- The guidance does not take into account potential revenue related to the Telematics Infrastructure roll-out
- The guidance does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2016

# Financial calendar 2016

Date	Event
May 4, 2016	Interim Report Q1 2016
May 18, 2016	Annual General Shareholder Meeting 2016
August 4, 2016	Interim Report Q2 2016
October 13, 2016	Investor and Analyst Conference
November 9, 2016	Interim Report Q3 2016

## Q&A session

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

## **CompuGroup Medical SE**

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