

## Speech of Christian B. Teig

**Chief Financial Officer of CompuGroup Medical SE,  
on the occasion of the Annual General Meeting  
on May 15, 2019, in Koblenz**

The spoken word is final.

### **Chart 29 – Starting Slide**

Dear shareholders, ladies and gentlemen, I too would like to welcome you to this year's Annual General Meeting of CompuGroup Medical SE.

Now that Mr. Gotthardt has already addressed the operating and strategic developments in the 2018 financial year and the new colleagues have introduced themselves, I would like to make a few additional comments on the 2018 consolidated financial statements.

### **Chart 30 – Business Segments**

Here we now see our 4 business segments. CGM provides services to a wide range of healthcare providers, from general practitioners, group practices and pharmacies to hospitals and medical laboratories. We also offer products and services specifically for healthcare payers, pharmaceutical companies and consumers. The four business segments are:

- **Ambulatory Information Systems:** This comprises doctor and dentist software including value-added products and services, such as a connection to the telematics infrastructure in Germany. This division is responsible for around 64 percent of Group sales.
- **Then we have a comparable segment: Pharmacy Information Systems:** pharmacy software including value-added products and services. It generates around 16 percent of Group sales. It is headed by Dr. Körfgen.

- **Hospital Information Systems:** Hospital information systems including value-added products and services for this customer group. This segment accounts for around 14 percent of consolidated sales.
- **And finally – Health Connectivity Services:** Networking services for other customers in the healthcare sector (payers, pharmaceutical companies, consumers). These generate around 6 percent of sales.

**This is what our Group looks like.**

### **Chart 31 – Group Revenue**

In summary, 2018 was a good year in all operating segments, even a very good year. As expected, the most important growth momentum was in the AIS segment (doctors + dentists), driven by special growth opportunities in Germany with regard to the telematics infrastructure and the rollout of this network for doctors and dentists. In this sense, 2018 was a successful breakthrough year that confirmed CGM's strong position in the German market and CGM's particular competencies and capabilities to become the market leader in this area as well. In total, Group revenues in 2018 amounted to EUR 717 million compared to EUR 582 million in 2017. This corresponds to 23 percent growth, which translates into 100% organic growth at constant exchange rates.

### **Chart 32 – Expenses**

With 17 percent increase in 2018, Group expenses rose much more slowly than sales. That's the way it should be in a successful company. The increase in the cost of goods resulted from the purchase of card readers, the manufacture of connectors and the outsourcing of installation and training services in connection with the rollout of the telematics infrastructure in Germany. The increase in personnel expenses is attributable to employees in newly acquired companies, minor changes in the workforce and general salary increases. The increase in other expenses is due to the increased use of external development capacity mainly in connection with the faster completion of new modules for our future hospital information system CGM CLINICAL and more marketing expenses in connection with the rollout of the telematics infrastructure. These are normal cost increases.

### **Chart 33 – Group Earnings**

This brings us to this satisfying slide. Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 182 million in the past financial year compared to EUR 128 million in 2017. This represents an increase of 42 per cent, with the corresponding operating margin rising by 3 percentage points to 25 per cent in 2018.

### **Chart 34 – Cash Flow from Operating Activities**

Or like I say, "cash is king." Cash flow from operating activities amounted to EUR 136 million in the reporting period compared to EUR 86 million in the same period in 2017. This is an increase of 59 percent. This rise is mainly due to the higher consolidated net income in 2018.

### **Chart 35 – Investments**

Cash flow from investing activities amounted to EUR 47 million in the reporting period, of which almost EUR 5 million was for acquisitions. The largest items in 2018 were investments in internally generated software and other intangible assets. Most of these services resulted from the development of our new hospital information system CGM CLINICAL, which is carried out by several Group companies.

### **Chart 36 – Share Buyback Programs 2018**

In 2018, the Management Board made use of the authorization to carry out two share buyback programs. A total of EUR 25 million was issued in 2018 for treasury shares.

### **Chart 37 – Group Balance Sheet**

Compared to the balance sheet date of the previous year, total assets increased by EUR 23 million to a total of EUR 848 million. As in the previous year, intangible assets represent the largest asset item in terms of value. The share of the balance sheet total amounted to 63 percent as of the balance sheet date (previous year: 65 percent). Overall, the changes are very small. All other assets underwent only minor changes in fiscal 2018.

### **Chart 38 – Consolidated Statement of Changes in Equity**

Last year we had a net profit of EUR 93 million, a dividend payment of EUR 17 million and a share buyback of EUR 25 million. Group equity thus increased from EUR 236 million as of December 31, 2017 to EUR 273 million as of December 31, 2018. In addition, there were many changes due to the first-time application of new standards IFRS 15 and IFRS 9 with a total value of EUR -15 million as well as exchange rate and interest rate changes with a total value of EUR 2 million on equity. The equity ratio rose slightly from 28.6 percent as of Sunday, December 31, 2017 to 31.5 percent as of Monday, December 31, 2018.

Ladies and gentlemen, with these words I would like to conclude the report on the financial situation of the Group in fiscal year 2018 and now give the floor back to Dr. Esser.