

# Preliminary and unaudited 4<sup>th</sup> quarter 2018 – Conference Call

Christian B. Teig, CFO  
4<sup>th</sup> February, 2019



# Preliminary and unaudited results 2018

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The preliminary results are based on unaudited financial information and on preliminary information reviewed by the management to date. These results remain subject to the completion of the CGM accounting closing process, and approval by the Supervisory Board.

The company will provide its audited fourth quarter and full year 2018 results on Thursday, 29 March 2019.

# Key figures 2018

€ M	Q4 18	Q4 17		2018	2017	
Revenue	194.4	163.6	19%	716.7	582.4	23%
EBITDA	51.4	36.9	39%	182.4	128.4	42%
EBIT	40.5	26.5		140.3	90.1	
EBT	36.3	18.2		127.0	65.6	
Net income**	25.3	3.0		86.2	31.7	
EPS (€)**	0.52	0.06		1.74	0.63	
Cash net income*/**	32.3	9.7		112.6	58.1	
Cash net income per share (€)*/**	0.65	0.20		2.27	1.17	

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

\*\* All values for 2018 based on provisional tax calculation

# Segment revenue

€ M	Q4 18	Q4 17		2018	2017	
Ambulatory Information Systems	118.8	92.6	28%	461.9	334.1	38%
Pharmacy Information Systems	34.0	29.6	15%	113.0	104.8	8%
Hospital Information Systems	29.7	29.1	2%	101.3	100.8	0%
Health Connectivity Services	11.9	12.5	-4%	40.4	42.5	-5%
Other	0.0	-0.2		0.1	0.2	
<b>Group</b>	<b>194.4</b>	<b>163.6</b>	<b>19%</b>	<b>716.7</b>	<b>582.4</b>	<b>23%</b>

# 2018 summary

## ● Ambulatory Information Systems

- Successful first phase of the Telematics Infrastructure roll-out in Germany
- Stable revenue in the US
- Normal organic growth in other markets

## ● Pharmacy Information Systems

- Both Italy and Germany significantly above expectations
- Tax incentives in Italy for investments in IT products and services during 2018

## ● Hospital Information Systems

- Most markets delivering results above expectations
- Reduction of pass-through invoicing of 3<sup>rd</sup> party software

## ● Health Connectivity Services

- Negative currency effect (Turkish Lira) and somewhat lower than expected sales to pharmaceutical companies



TELEMATIKINFRASTRUKTUR

## SAGEN AUCH SIE JA!

„Weil die Vernetzung mit Kolleginnen und Kollegen nicht nur praktisch ist, sondern auch zu einer besseren Patientenversorgung führt.“

Herr Dr. Arne Janssen  
Facharzt für Chirurgie/Unfallchirurgie aus Quickborn

- Accumulated 46,000 orders by the end of 2018
  - **34,000 from existing CGM primary software customers**
  - **12,000 from the rest of the German market**
- 42,000 installations delivered by the end of 2018

# TI roll-out will take place in 2018 and 2019

## ● Doctors and dentists

- Deadline for financial sanctions (1% cut-off) has been shifted to 30<sup>th</sup> June 2019 (order by 31<sup>st</sup> March 2019)
- Despite sanctions, some doctors and dentists may choose to do their TI installation after the official deadline

## ● Hospitals

- A financing agreement for hospitals is available since September 2018
- Dedicated hospital connectors are so far not available
- CGM connector can be used if it supports NFDM (Emergency Care Data Set), eMP (Electronic Medication Plan) and KOM-LE (Electronic Letters)

## ● Pharmacies

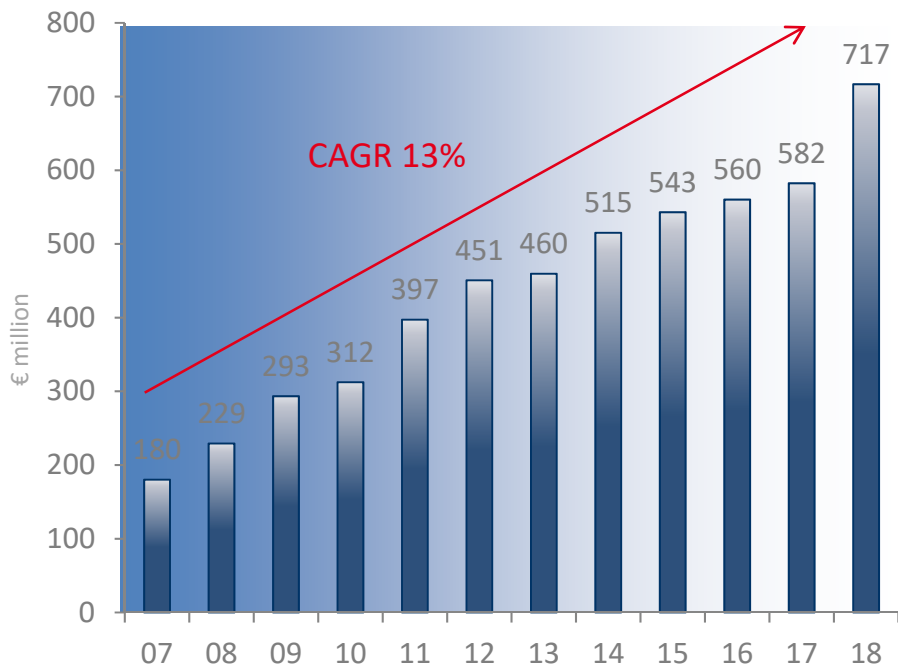
- A financing agreement for pharmacies is available since December 2018
- Pharmacies require a connector offering NFDM and eMP services.
- Otherwise, very similar to a doctor/dental practice.

# OUTLOOK

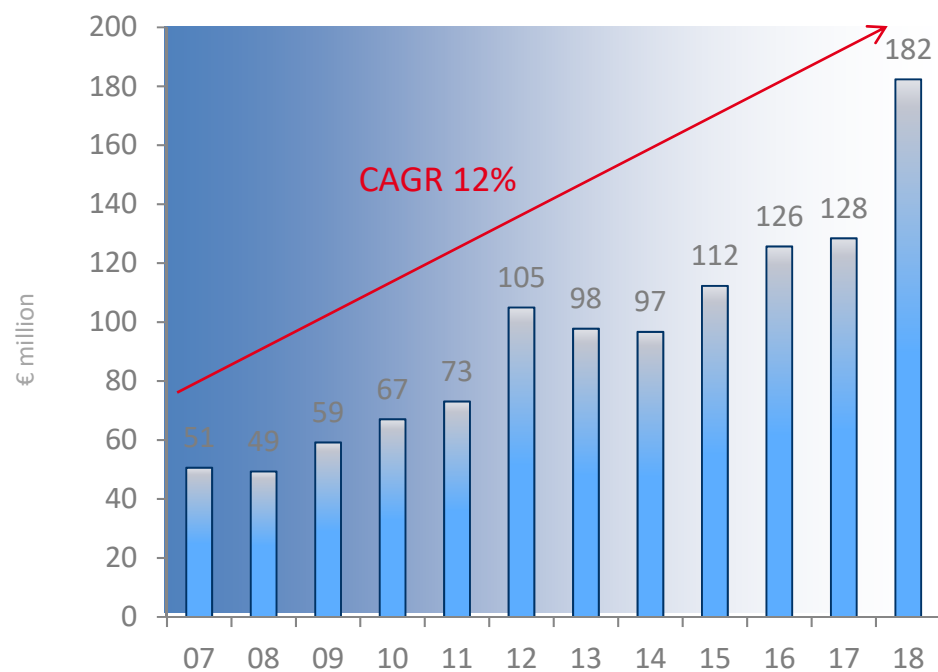


# Historical revenue and EBITDA growth

## Group Revenue

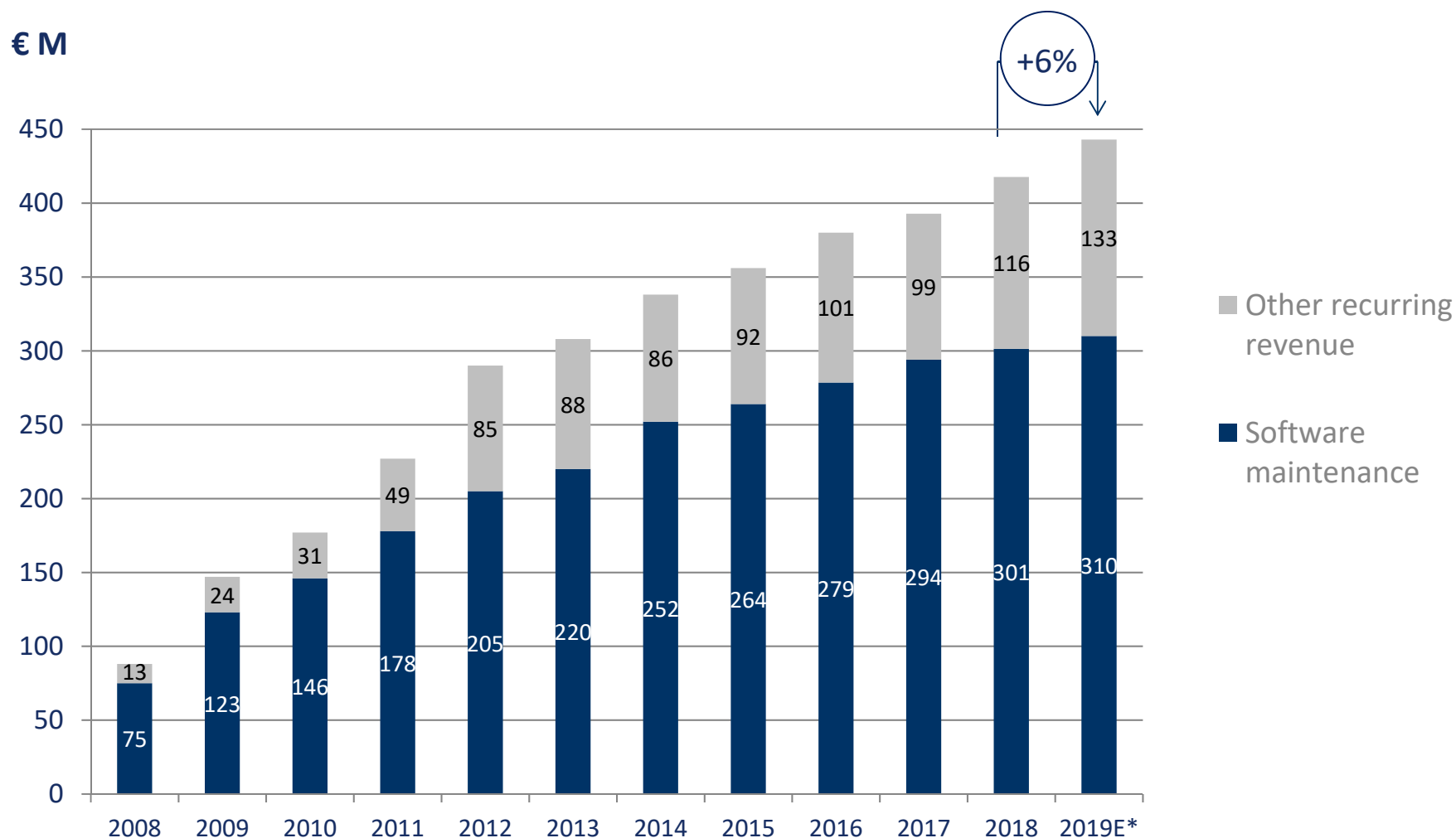


## Group EBITDA



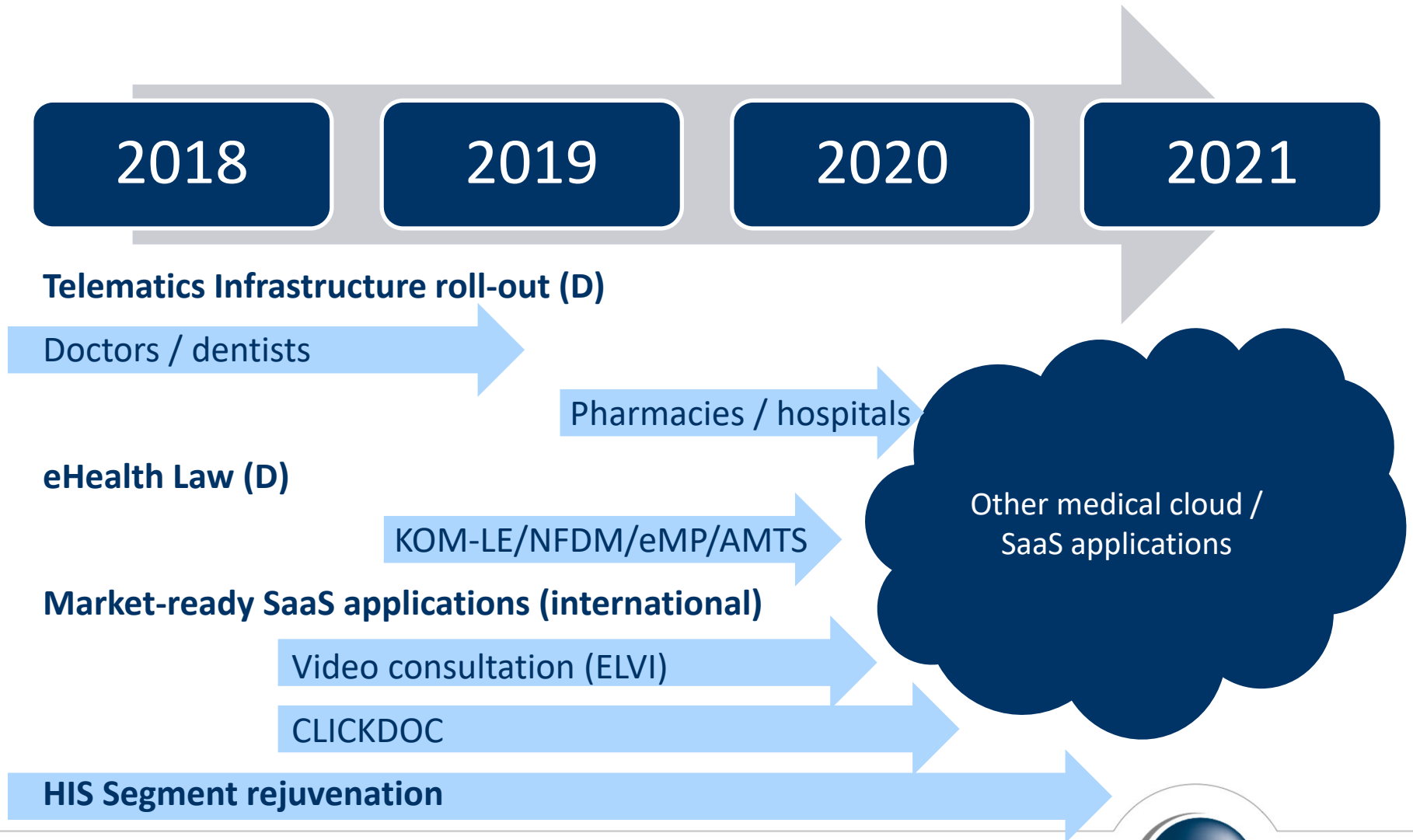
- Strong growth in revenues and EBITDA driven by strong operational performance, supportive business environment and stable, recurring revenue base

## Recurring revenue



\* Based on January run-rate

# Near-term growth roadmap



# Current TI offer

- One stop shop!
- TI offer suitable to ALL doctors and dentists in Germany
- Includes delivery and installation on site
- Price corresponds to current TI financing = 2,880 EUR incl. VAT (unchanged since Q3 2018)
- Competitors (T-Systems, Arvato/Secunet/RISE) offer TI package at the same price level



**NOW OR NEVER**  
**ANGEBOT** ALLE TI-KOMPONENTEN AUS EINER HAND.

FAX: 0261 8000-2399 | E-MAIL: [bestellung.TI@cgm.com](mailto:bestellung.TI@cgm.com) | CGM-INFOLINE: 0261 8000-2323

**HIERMIT BESTELLE ICH:**

☒ **CGM-PAKET TELEMATIK-INFRASTRUKTUR**

- eHealth-Konnektor KoCoBox MED+ (IGES-ready)
- **TI-VSDM-Modul** für Anwender einer CGM-Arztsoftware im Wert von **€ 390,-** bereits im Aktionspreis enthalten!
- **Freischaltung VPN-Zugangsdienst**
- **Secure Internet Service (SIS)** mit 1,5 GB Datenvolumen\*\*
- **Installation und Inbetriebnahme** in Ihrer Praxis
- **Einweisung der Mitarbeiter** in Ihrer Praxis

☒ **eHEALTH-KARTENTERMINAL**  
**ORGA 6141 online** inkl. gSMC-KT

oder

☐ **CHERRY Tastatur G87-1505**  
inkl. gSMC-KT

**AKTIONSPREIS**

**€ 2.420,17\***

€ 2.880,- inkl. MwSt.

**Aktuelle Erstattungspauschale**

**€ 2.882,-** inkl. MwSt.

**ZUSÄTZLICH BESTELLE ICH:**

☐ Stück stationäres eHealth-Kartenterminal(s)  
**ORGA 6141 online** inkl. gSMC-KT zum Preis von jeweils € 559,- (€ 663,21 inkl. MwSt.)

☐ Stück mobile(s) eHealth-Kartenterminal(s)  
**ORGA 930 M online** zum Preis von jeweils € 299,- (€ 358,81 inkl. MwSt.)

☐ Stück stationäres eHealth-Kartenterminal(s)  
**CHERRY Tastatur G87-1505** inkl. gSMC-KT zum Preis von jeweils € 559,- (€ 663,21 inkl. MwSt.)

Ich bestelle hiermit verbindlich bei der CGM Deutschland AG, Geschäftsbereich Telematikinfrastruktur, zu den auf Seite 2 aufgeführten Bedingungen, das CGM-Paket Telematikinfrastruktur für eine Hauptpraxisstätte zum Aktionspreis von € 2.420,17 zzgl. MwSt. Zusätzlich bestelle ich das Service-Paket Betrieb zum monatlichen Preis von € 69,47 zzgl. MwSt. bei 24 Monaten Mindestvertragslaufzeit sowie die o. g. Anzahl zusätzlicher Kartenterminals. Die AGB sowie die Besonderen Geschäftsbedingungen (insb. G87 sowie die untenstehenden Bedingungen der AGB) habe ich zur Kenntnis genommen. Die AGB und Bes. GB können unter [cgm.com/ti-download](http://cgm.com/ti-download) eingesehen oder heruntergeladen werden.

\* Solange der Vorrat reicht.

\*\* Zur Nutzung ist ein zusätzlicher Vertrag mit TELEMED obligatorisch. Bei einem Nutzungsproblem von über 1,5 GB können Mehrkosten entstehen.

\*\*\* Nur in Verbindung mit einem eHealth-Konnektor KoCoBox MED+ Preis inkl. MwSt.

Privatsiegel

Ort / Datum

Vorname / Nachname (in Druckschrift)

Unterschrift

Verkäufer / DVO (optional)



SEITE 1 VON 2  
- ONLINE -

☒ **SERVICE-PAKET BETRIEB**

- Servicegebühr eHealth-Konnektor KoCoBox MED+
- VPN-Zugangsdienst (aktuelle Bestandsnetze inklusive)

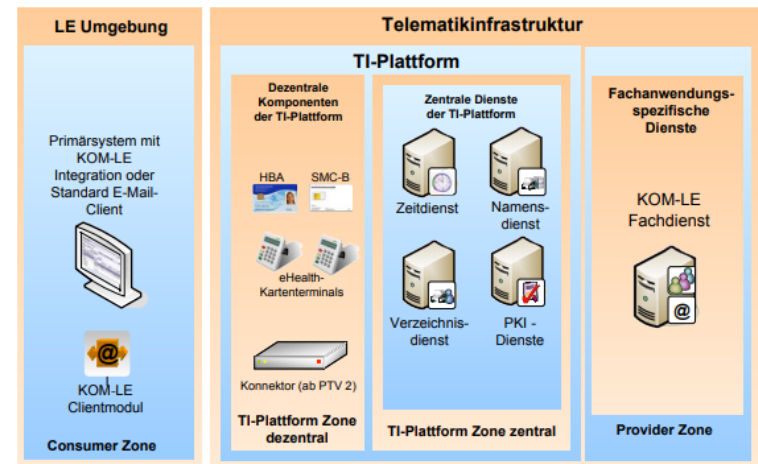
**€ 69,47 mtl.** € 82,67 inkl. MwSt.

**Erstattungspauschale Betriebskosten**

**€ 248,- pro Quartal bzw. € 82,67 mtl. inkl. MwSt.**

# KOM-LE is planned to be released in 2019

- Secure exchange of digitally signed documents between healthcare providers (KOM-LE)
- e-Letters from doctor to doctor
- Doctor referring patients to a specialist or hospital
- Discharge letters from hospitals to the family doctor
- Requires a KOM-LE client module and functionality in the primary software
- Also requires a professional KOM-LE service in the central TI network to provide the subcomponents Account Manager and Mail Server
- The use of KOM-LE is voluntary and not a requirement within the TI



# NFDM and eMP are also planned in 2019

- Emergency Care Data Set (NFDM)
  - Provides quick access to emergency-related data such as medications, allergies, drug intolerances and diagnoses as well as additional information that patients can volunteer
  - The emergency data can be created, maintained and read by a physician when you are with a doctor (using TI & Koco-Box)
  - The right to access exists also in the preclinical rescue service, in the emergency department and for patients with acute complaints in outpatient treatment
- Electronic Medication Plan (eMP)
  - In the future, even demanding examinations will become possible individual patient data such as body weight or organ function information account.
  - The eMP will also enable better Medication Safety applications (AMTS)

# Financing is available for NFDM/eMP

Financing of TI equipment	Reimbursement
Connector update for NFDM/eMP, one-time	530.00 EUR
Operating costs and maintenance, monthly	1.50 EUR



Practice buys  
connector upgrade

CGM Offer	Price incl. VAT
Connector update for NFDM/eMP	530.00 EUR
Operating costs and maintenance, monthly	1.50 EUR



**No co-payment !**

Doctors' compensation	Fee
Creating each initial emergency data set	8.53 EUR
Updating each emergency data set	0.43 EUR
Deleting each emergency data set	0.11 EUR



Practice buys NFDM  
module for practice  
software

CGM Offer	Price incl. VAT
NFDM module for CGM AIS	[tbd] EUR
Operating costs and maintenance, monthly	[tbd] EUR



**NFDM module  
financed by  
additional fees**

The fee for updating an emergency data set is paid as a lump sum per treatment case per quarter. With 1,000 cases per quarter, approx. 1,700 EUR p.a. additional fee. Added to this is the remuneration for creating each initial emergency data set.

# Revenue outlook 2019

## ● Ambulatory Information Systems: EUR 464 - 488 million

- Plus-minus flat organic revenue trend
- Less expected revenue from the TI rollout, offset by normal organic growth in the rest of the business
- Reflects management's forecasts w.r.t. speed of market penetration, market share developments and price evolution related to the further TI rollout
- Additional EUR ~19 million from acquisitions (German dealers GIS and CoSi)

## ● Pharmacy Information Systems: EUR 109 – 111 million

- Slightly negative revenue trend in 2019 after the exceptional growth in 2018
- Some 2018 opportunities, particularly tax incentives in Italy, will not be repeated

## ● Hospital Information Systems: EUR 104 –106 million

- Organic growth rate 2-4 percent

## ● Health Connectivity Services: EUR 43 – 45 million

- Organic growth rate 0-3 percent
- Additional EUR ~3 million from acquisitions (fablab, Italy)



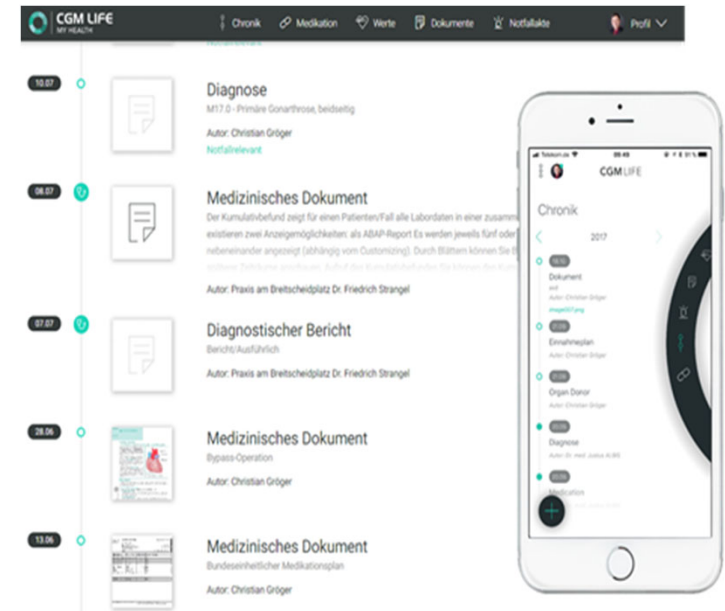
# IFRS 16 Leases

	IAS 17 / Topic 840 / FASB model		IFRS 16
	Finance leases	Operating leases	All leases
Revenue	x	x	x
Operating costs (excluding depreciation and amortisation)	---	Single expense	---
EBITDA			↑↑
Depreciation and amortisation	Depreciation	---	Depreciation
Operating profit			↑
Finance costs	Interest	---	Interest
Profit before tax			↔

- IFRS 16 is mandatory from January 1<sup>st</sup> 2019
- Basically all leases become a Finance lease (right-of-use assets) and have to be recognized on-balance
- For CGM, the P&L effect for 2019 is expected to be:
  - Operating costs (predominantly office buildings and car leases) to decrease by EUR 15 million
  - EBITDA to increase EUR 15 million
  - Depreciation to increase EUR 14 million
  - Interest expense to increase EUR 1 million

# Electronic Patient Record (ePA) - invest in 2019

- BMG tries to speed up the introduction of an ePA (SGB V §291a) for insured persons of a statutory health fund: Introduction of ePA in 2021
- gematik released the first ePA specifications in December 2018
- gematik has to release specifications for patient access (via Smartphone) until April 2019
- New health cards equipped with NFC chips starting in Dec 2019
- Memorandum resp. LOI between health funds and doctors association
- Supportive law (TSVG - Terminservice- und Versorgungsgesetz) is expected in April 2019
- eHealth law II is expected in 2<sup>nd</sup> half of 2019



# CLICKDOC and telemedicine – invest in 2019

**CLICKDOC**  
Recherchez par nom, spécialité, ville...  
Recherche

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Laden im  
**App Store**

**CLICKDOC**  
CLICKDOC PRO Recherche Mes rendez-vous Connexion Inscription

**PRENEZ RENDEZ-VOUS  
AVEC UN PROFESSIONNEL DE SANTÉ**

Nom, spécialité Ville, code postal **RECHERCHER**

**CLICKDOC, DES SERVICES INNOVANTS POUR VOTRE SANTÉ !**

**PATIENTS**  
**CLICKDOC**  
Votre nouveau service de rendez-vous en ligne.

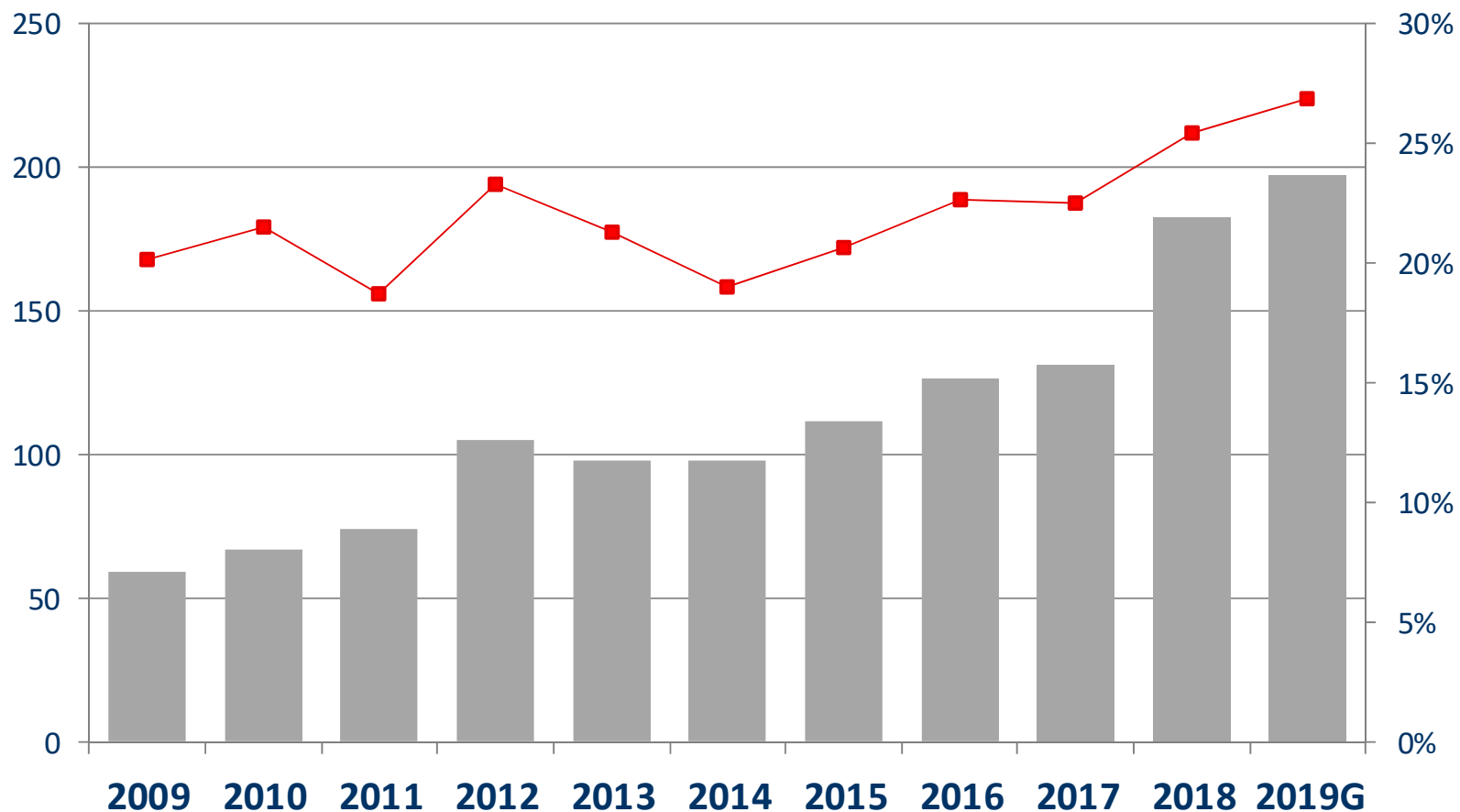
**PROFESSIONNELS**  
**CLICKDOC PRO**  
Les rendez-vous de vos Patients en ligne.

**elektronische ViSITE**  
Die Videosprechstunde.

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SEARCH FREE APPOINTMENTS  
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# Expected profitability development

EBITDA (€ M) / profitability (EBITDA%)



# Guidance 2019

- CGM gives the following guidance for 2018:
  - Revenue is expected to be in the range of EUR 720 million to EUR 750 million
  - Operating income (EBITDA) is expected to be in the range of EUR 190 million to EUR 205 million
- This outlook reflects all currently available information and management's forecasts regarding speed of market penetration, market share developments and price evolution related to the further roll-out of the Telematics Infrastructure in Germany in 2019
- The guidance does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2019
- The guidance for the 2019 financial year represents management's current best estimate of the market conditions that will exist in 2019 and how the business segments of CGM will perform in this environment

# Financial calendar 2019

Date	Event
February 4	Preliminary Q4/Full Year Report 2018
March 29	Annual Report 2018
May 6	Interim Report Q1 2019
May 15	Annual General Meeting 2019
August 8	Interim Report Q2 2019
September 25	Investor and Analyst Conference
November 7	Interim Report Q3 2019

## Q&A session

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If you would like to raise questions, please press **01** on your telephone

# Thank you for your attention!

## **CompuGroup Medical SE**

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