

A light beige world map is centered in the background of the page. The map is overlaid with a grid of small, light grey plus signs. The map shows the continents of North America, South America, Europe, Africa, Asia, and Australia.

Financial Report for the period 01 January - 31 December 2010

- preliminary and unaudited -

Synchronizing Healthcare

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- 1 Key Events
- 1 Financial Review
- 2 Outlook
- 3 Income Statement
- 4 Statement of Financial Position

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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 CompuGroup Medical accounting closing process, and approval by the Supervisory Board. The company will provide its audited fourth quarter and full year 2010 results on Thursday, 24 March 2010.

KEY EVENTS

- + Fourth quarter revenue of EUR 91.2 million, an increase of 9 percent compared to the same period in 2009
- + Operating profit (EBITDA) of EUR 20.7 million, an increase of 15 percent compared to the same period 2009
- + Full year 2010 revenue of EUR 313 million and EBITDA of EUR 67 million
- + Estimated full year 2010 cash net income grew by 25 percent to EUR 43.7 million, corresponding to a cash net income per share of EUR 0.87
- + Full year net income grew 44 percent up to EUR 16.9 million
- + CompuGroup Medical offers the following guidance for 2011:
 - Revenue is expected to be in the range of EUR 395 million to EUR 420 million.
 - Operating income (EBITDA) is expected to be in the range of EUR 86 million to EUR 93 million.

FINANCIAL REVIEW

Revenue

Revenue in the fourth quarter of 2010 was EUR 91.2 million compared to EUR 83.6 million in the same period in 2009. This represents an increase of 9 percent. Organic growth was 3 percent and acquisitions and divestitures give a net growth contribution of 6 percent.

In the HPS segment, revenue was EUR 72.7 million compared to EUR 65.5 million in the fourth quarter of 2009. Organic growth was 3 percent and the growth from acquisitions and divestitures came from Innomed (EUR 1.4 million), Visionary (EUR 4.2 million), HCS (EUR 0.3 million) and HC Advance (divestiture EUR -1.0 million).

HPS revenue development (including acquisitions and currency effects):

EUR m	01.10-31.12 2010	01.10-31.12 2009	Change	01.01-31.12 2010	01.01-31.12 2009	Change
Ambulatory Information Systems	48.8	43.8	11%	173.9	148.3	17%
Hospital Information Systems	23.9	21.7	10%	74.4	75.3	-1%
SUM	72.7	65.5	11%	248.3	223.6	11%

The fourth quarter HPS revenue was lower than expected due to low business volume in the USA. It has taken longer than planned to focus the US business on the market growth opportunities and this causes a delay in revenue effects from the HITECH stimulus.

In the HCS segment, revenue was EUR 18.6 million compared to EUR 18.0 million in the fourth quarter of 2009. This represents organic growth of 3 percent.

HCS revenue development:

EUR m	01.10-31.12 2010	01.10-31.12 2009	Change	01.01-31.12 2010	01.01-31.12 2009	Change
Communication & Data	8.7	8.5	2%	29.2	32.9	-11%
Workflow & Decision Support	7.1	7.0	1%	25.3	23.7	7%
Internet Service Provider	2.8	2.5	12%	9.9	10.2	-3%
SUM	18.6	18.0	3%	64.4	66.8	-4%

In Workflow & Decisions Support, no revenue has been recognized to date from the variable component of the running SmartExchange contracts as the outcomes-based data is still under evaluation.

In the CHS segment, there was no revenue from third parties during the fourth quarter of 2010. CompuGROUP sold its shares (100 percent) in medicine medienproductions GmbH at January 1st 2010 which explains the decline in total CHS revenue compared to 2009.

Profit

Consolidated EBITDA amounted to EUR 20.7 million compared to EUR 18.0 million in the fourth quarter of 2009. This represents an increase of 15 percent. The corresponding operating margin increased from 22 percent in 2009 to 23 percent in 2010.

The full year 2010 EBITDA was EUR 67 million and includes the following one-time effects:

- Direct transaction expenses related to acquisitions of EUR 1.5 million
- Special EUR 1.5 million other income from the increase in ownership from 50 to 100 percent in the company HCS in Austria (gain on fair value of previously held equity interest in associate)

The strong growth in net income (131 percent in the fourth quarter and 45 percent for the full year) is driven by depreciation and amortization being relatively constant from 2009 to 2010 so that the growth in operating profit less tax flows directly to growth in net income.

With a provisional tax calculation, the estimated full year 2010 cash net income amounts to EUR 43.7 million and cash net income per share of EUR 0.87.

OUTLOOK

The annual software maintenance and other recurring revenue from existing customers is EUR 235 million at the beginning of 2011 compared to EUR 180 million at the beginning of 2010. The HIS order backlog and pipeline is stronger than last year and a number of new add-on products are ready for the AIS market in Germany. New regional contracts have been signed in Scandinavia and a special ASP/hosting adoption drive will be a focus area in this region throughout 2011. For the US, we expect a significant market impact from the HITECH stimulus in 2011 and CompuGroup Medical is now reorganizing the US business to drive stronger growth and performance. In HCS we expect Communication and Data to grow for the first time in 3 years and we also see a gradual uptake of new customers in Workflow & Decision Support and ISP.

From this, the organic growth rate is expected to be approximately 10 percent in 2011 in both the HPS and HCS segments. Acquisitions completed to date are expected to give a further growth contribution of around 20 percent, all in the HPS segment. 2011 will also be the first year with external revenue in CHS, however still at modest levels.

Based on this, CompuGroup Medical offers the following guidance for 2011:

- Revenue is expected to be in the range of EUR 395 million to EUR 420 million.
- Operating income (EBITDA) is expected to be in the range of EUR 86 million to EUR 93 million.

The foregoing guidance does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2011.

The outlook for 2011 represents management's best estimate of the market conditions that will exist in 2011 and how the business segments of CompuGroup Medical will perform in this environment.

INCOME STATEMENT

for the reporting period of 1 January - 31 December 2010

	01.10-31.12 2010 EUR '000	01.10-31.12 2009 EUR '000	01.01-31.12 2010 EUR '000	01.01-31.12 2009 EUR '000
Sales revenues	91,208	83,612	312,836	293,409
Other operating expenses	-70,501	-65,581	-245,820	-234,237
Earnings before interest, taxes, depr. and amortization (EBITDA)	20,707	18,031	67,016	59,172
Amortization of intangible assets, depreciation on property, plant and equipment	-10,119	-10,748	-34,989	-34,376
Earnings before interest and taxes (EBIT)	10,588	7,283	32,027	24,796
Net financial result	-1,614	-1,495	-6,972	-6,479
Earnings before taxes (EBT)	8,974	5,788	25,055	18,317
Taxes on income for the period **	-3,168	-3,274	-8,116	-6,601
Consolidated net income for the period **	5,806	2,514	16,939	11,716
Earnings per share **				
undiluted (EUR) **	0.12	0.06	0.34	0.24
diluted (EUR) **	0.12	0.06	0.34	0.24
Cash net income (EUR) * / **	13,749	8,130	43,663	35,037
Cash net income per share (EUR) * / **	0.27	0.16	0.87	0.69

* Cash net income: net income before minority interests plus amortization on intangible assets except amortization on in-house capitalized software.

** All values for 2010 are based on a provisional tax calculation. Actual tax rates are subject to change.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2010

ASSETS

	31.12.2010 EUR '000	31.12.2009 EUR '000
Non-current assets		
Intangible assets	388,046	311,472
Tangible assets	38,455	36,634
Financial assets	924	2,026
Deferred taxes and other non-current assets	16,934	13,430
	444,359	363,562
Current assets		
Inventories	1,377	2,992
Other current assets	67,392	55,156
Securities (recognized as profit of loss at fair value)	73	35
Cash and cash equivalents	42,181	29,110
	111,023	87,293
Non-current assets qualified as held for sale	296	927
	555,677	451,782

STATEMENT OF FINANCIAL POSITION

as at 31 December 2010

SHAREHOLDER EQUITY AND LIABILITIES

	31.12.2010 EUR '000	31.12.2009 EUR '000
Shareholders Equity		
Subscribed capital	53,219	53,219
Treasury shares	-14,384	-14,384
Other Equity	144,679	146,993
	183,514	185,828
Long-term liabilities		
Pension provision	1,059	865
Liability to banks	190,618	109,039
Purchase price liabilities	15,995	10,186
Deferred taxes and other long-term liabilities	58,269	41,366
	265,941	161,456
Current liabilities		
Liabilities to bank	25,316	35,131
Purchase price liabilities	9,722	2,334
Other current liabilities	71,184	66,688
	106,222	104,153
Liabilities associated directly with non-current assets qualified as held for sale		
	0	345
	555,677	451,782



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