


Q3/19

Investor & Analyst Call



CGM



Michael Rauch, CFO
November 7, 2019

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GROUP FINANCIALS



Q3/19 – Strong financial performance



€178m
(+7%yoy)

Revenue



€117m
(+11%yoy)

Recurring
Revenue



€43m
(+24%yoy)

EBITDA



24%
(+3ppt)

Margin



€0.37
(+9%yoy)

EPS



€0.51
(+6%yoy)

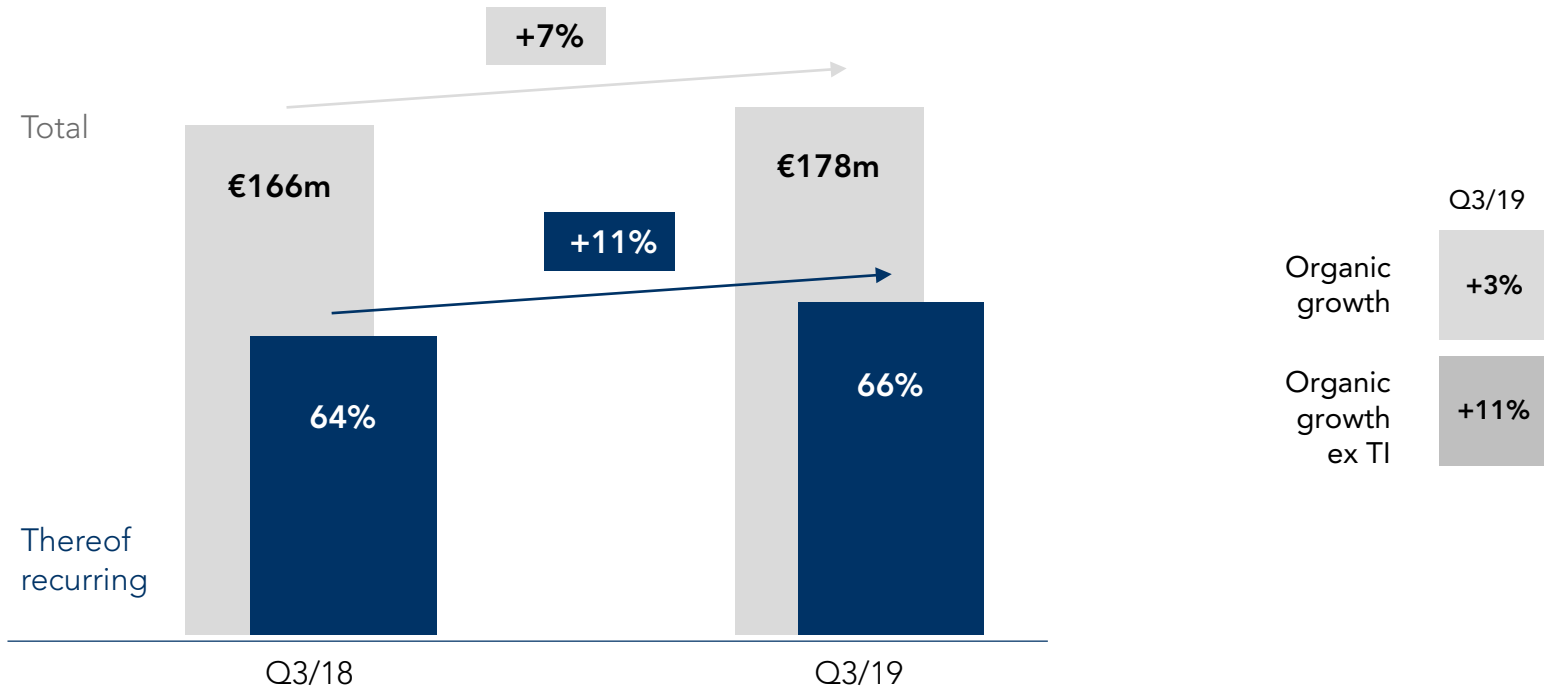
CNI
per Share



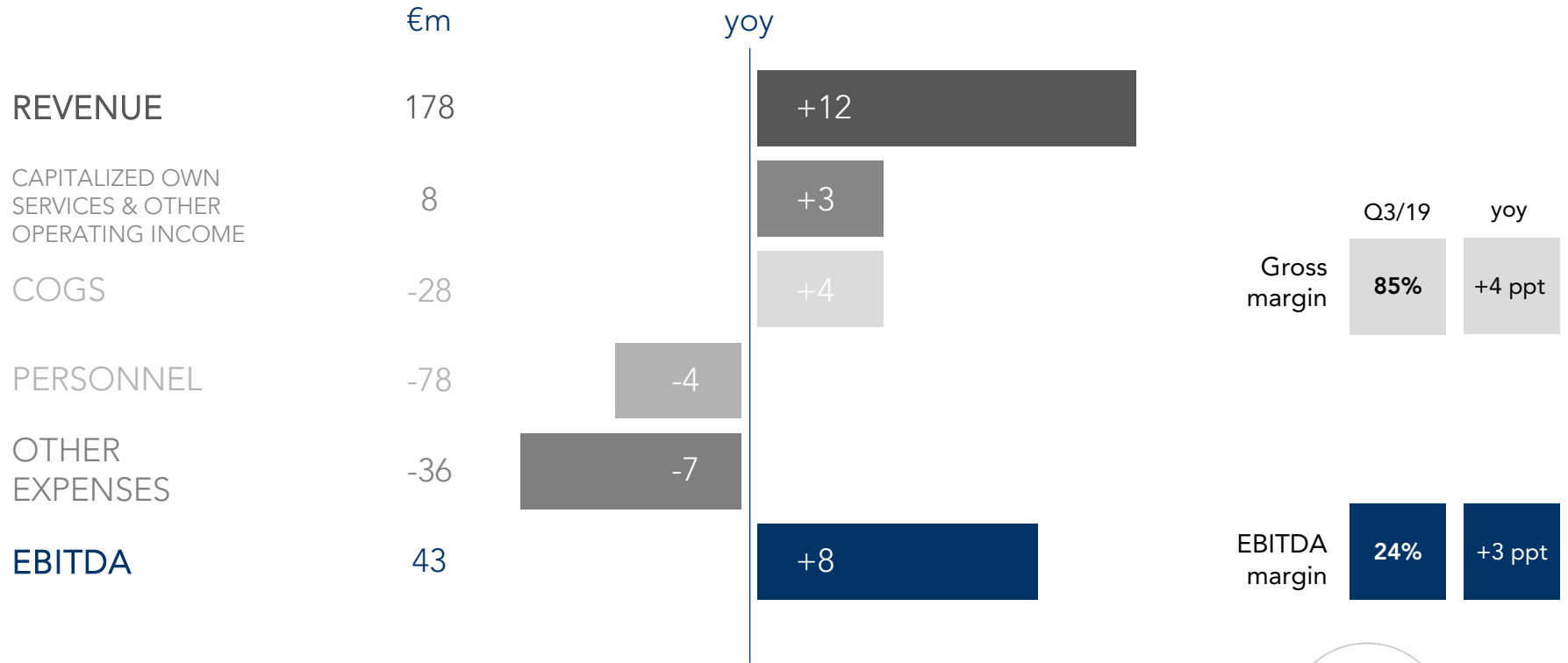
€23m
(Sep 18 – Oct 30)

Share
buyback

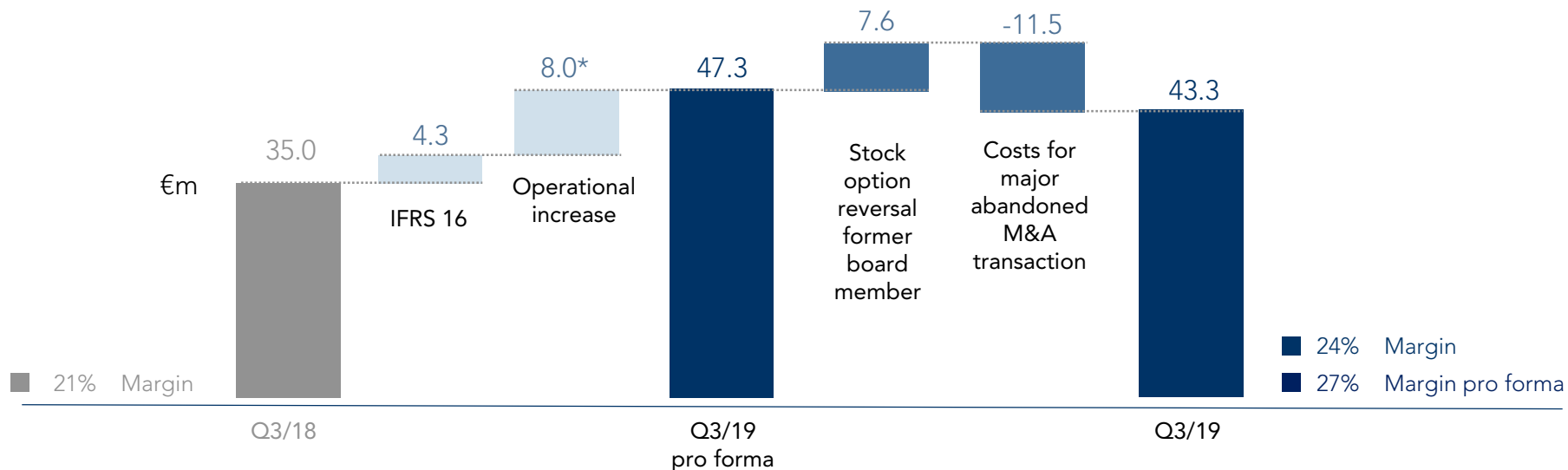
Growing recurring revenue base



Q3 margins above prior year



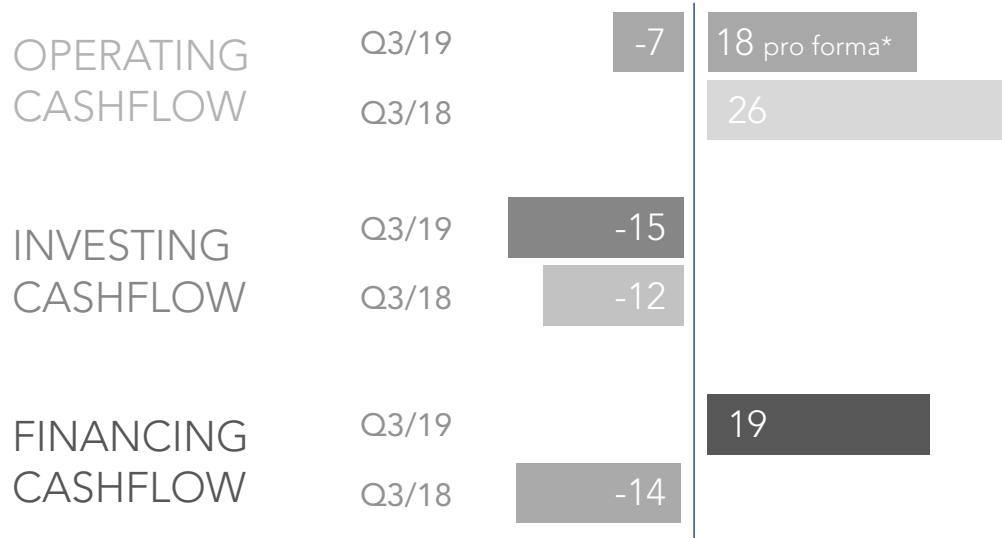
Q3 EBITDA impacted by one-offs, as expected



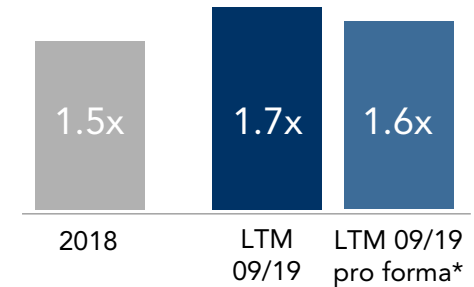
*Including €2.8m due to capitalization of inhouse services

Q3 cashflow and leverage impacted by one-offs

CASHFLOW



LEVERAGE



*Excluding cash outflow for stock options of former board member and for abandoned major M&A transaction




SEGMENTS

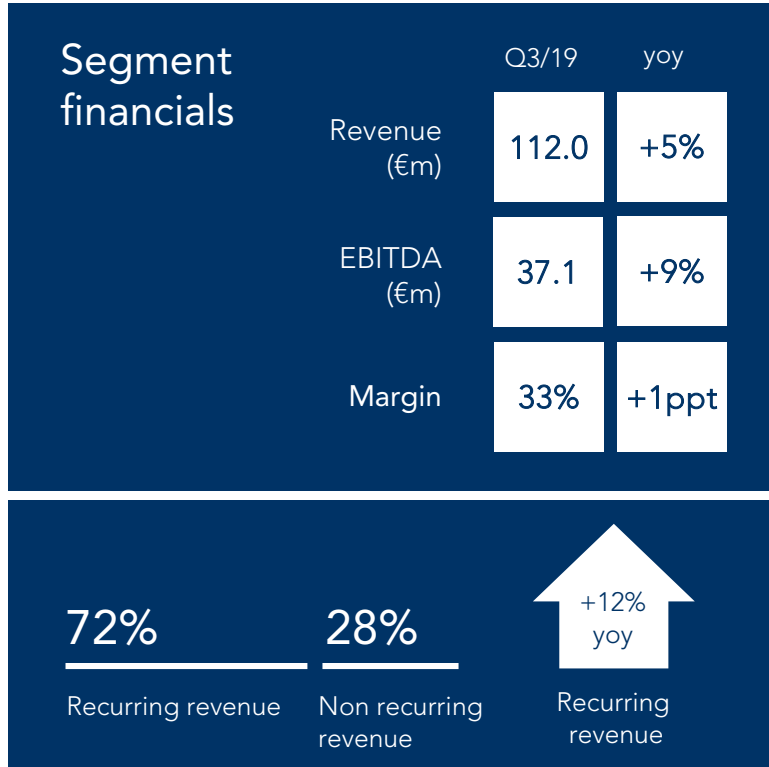
Q3 margin increase across almost all operating segments

Group	Revenue Share		Ambulatory Information Systems		Pharmacy Information Systems		Hospital Information Systems		Health Connectivity Services	
	Q3/19	yoy	Q3/19	yoy	Q3/19	yoy	Q3/19	yoy	Q3/19	yoy
Revenue (€m)	177.9	+7%	112.0	+5%	27.7	+6%	26.5	+12%	11.6	+29%
EBITDA* (€m)	43.3	+24%	37.1	+9%	8.9	+22%	2.0	+82%	3.1	+24%
Margin (%)	24%	+3ppt	33%	+1ppt	32%	+4ppt	8%	+3ppt	27%	0ppt

*Including €4.3m due to introduction of IFRS 16 (thereof €1.7m AIS, €0.5m PCS, €0.7m HIS, €0.2m HCS, €1.2m Other)



AMBULATORY INFORMATION SYSTEMS



Q3/19 yoy

- **Revenue** growth of 5% supported by acquisitions (GIS, Qualizorg)
- **Organic** revenue development 2% below prior year due to tough comps in TI
- Strong organic revenue growth excluding TI of 11%
- Significant growth in TI services drove 12% growth in **recurring revenues**
- **EBITDA margin** slightly up with positive impact from acquisitions and IFRS 16 more than offsetting increased R&D

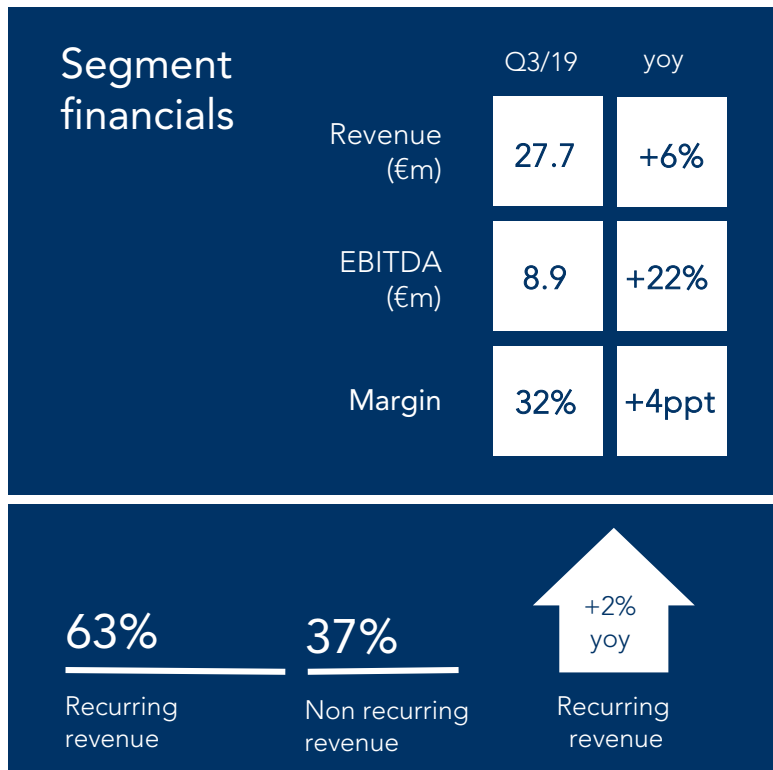
AIS Operational

- Excellent organic revenue growth ex TI of 11%
 - Strong German dental business
 - Austria continuing to benefit from the rollout of the electronic patient file ELGA
 - US with excellent performance in lab business and new software for medical units in schools
- Successful launch of Medistar in Czech Republic
- Telematics Infrastructure update
 - ~1.3k additional installations in Q3
 - ~54.2k orders since start in Q4/17
 - CGM first to have submitted TI connector software upgrade for Gematik approval



A female pharmacist with short, dark, wavy hair is shown in profile, looking towards the right. She is wearing a white lab coat over a dark top and is holding a tablet computer with both hands. The background is a brightly lit pharmacy with blurred shelves and equipment. A semi-transparent white box with rounded corners is overlaid on the right side of the image, containing the text 'PHARMACY INFORMATION SYSTEMS' in a bold, blue, sans-serif font.

PHARMACY INFORMATION SYSTEMS



Q3/19 yoy

- **Revenue** growth of 6% mostly organic with only minor consolidation effects from acquisition in Spain (Eurosof2000 in 04/19) against already strong prior year
- **EBITDA margin** significantly up due to operational improvements and IFRS 16

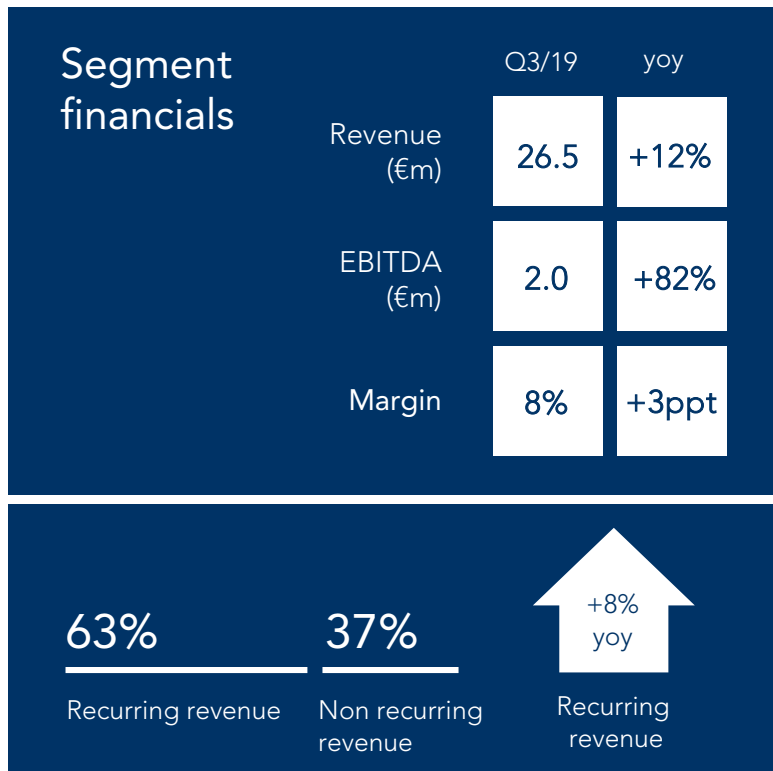
PCS Operational

- Organic revenue growth of 5%
 - Germany with growth in hardware sales and upselling of software packages
 - Italy benefitting from hardware sales and rollout of upgrade following an exceptional performance in 2018
- TI update
 - Financing agreement in place
 - Rollout deadline for pharmacies 09/20
 - Initial orders for TI connection packages of 440 by 09/19 to be delivered in 2020



A photograph of two male doctors in a hospital hallway. The doctor on the right is wearing a white lab coat over blue scrubs, has a stethoscope around his neck, and is holding a tablet computer. He is looking towards the other doctor. The doctor on the left is wearing a light blue button-down shirt and is seen from the back/side, looking towards the first doctor. The background shows a brightly lit hospital corridor with a door and some blurred signage.

HOSPITAL INFORMATION SYSTEMS



Q3/19 yoy

- Excellent **organic** revenue growth of 12% driven by strong business development in Germany and Austria
- Organic growth excluding TI of 11% with +8% recurring revenue growth
- **EBITDA margin** up due to IFRS 16 and operational improvements despite increased R&D investments

HIS Operational

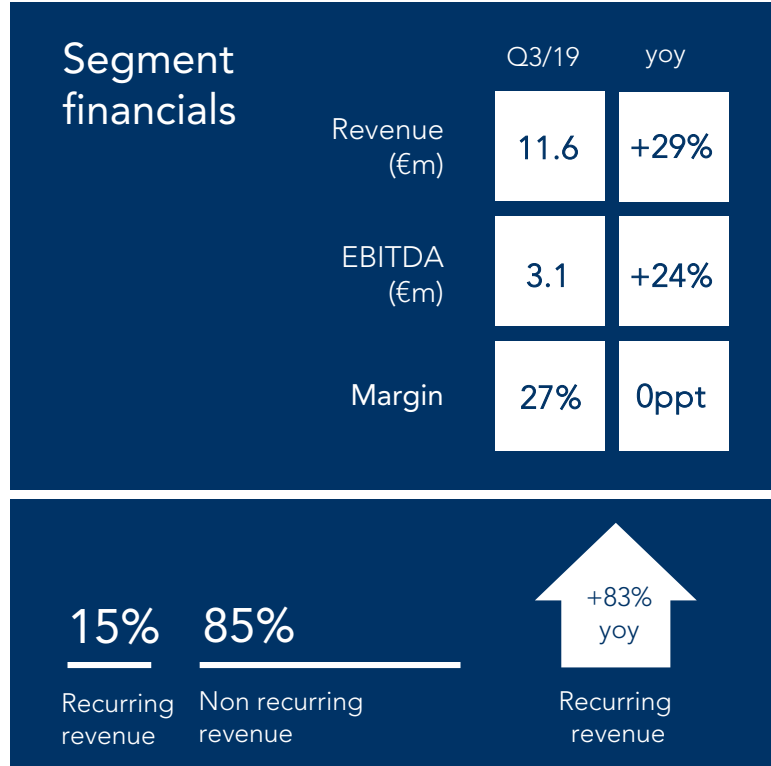
- Strong organic revenue growth of 12%
 - German clinical business with excellent growth in rehab segment
 - Austria with double-digit growth, supported by rollout of largest order in the company history
- TI update
 - Initial orders and installations for emergency wards for TI connection packages of 320 by 09/19
 - Rollout deadline for hospitals 01/22



A close-up photograph of a person's hands. The left hand holds a white marker, and the right hand is touching the screen of a smartphone. The marker is being used to draw on the screen. A white pen is also visible on the surface next to the phone. The background is a plain, light-colored surface.

HEALTH CONNECTIVITY SERVICES

HCS P&L / Operational



Q3/19 yoy

- Excellent **organic** revenue growth of 27% driven by success of CGM Life as well as strong business with private insurance and projects with pharma companies
- Recurring revenues almost doubled, coming from a smaller base
- **EBITDA** up due to strong growth of CGM Life and IFRS 16

Boosting connectivity: Benefitting consumers and monetizing data

- **New segment:** Consumer and Health Management Systems
- Dr. Eckart Pech to join as **new board member**
- Goal to **further increase connectivity** within healthcare and to **address additional customer pools**
- CGM as **beneficiary of digital transformation** in healthcare
- Operating segments as of November 2019: AIS, PCS, HIS (unchanged) and new CHS segment (integrating former HCS)



OUTLOOK



Updated guidance confirmed

CGM group guidance for FY 2019 (as of September 15, 2019):

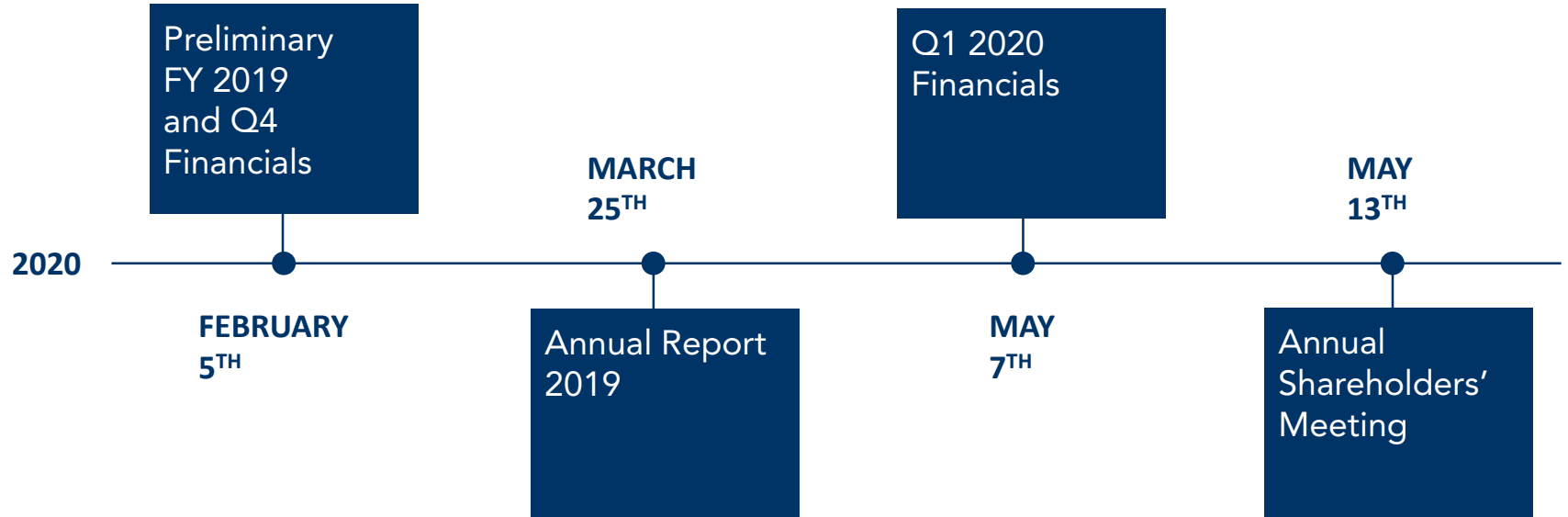
- **Revenues** in the range of €720m to €750m
- **Operating income (EBITDA)** including costs for abandoned major M&A transaction in the range of €175m to €190m

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.

Next events 2020



Appendix

9M/19 – At a glance



€540m

(+3%yoy)

Revenue



€341m

(+12%yoy)

Recurring
Revenue



€126m

(-5%yoy)

EBITDA



23%

(-2ppt)

Margin



€1.06

(-15%yoy)

EPS



€1.49

(-10%yoy)

CNI
per Share

Key figures 9M/19

in €m	Reported		Pro forma ²⁾	
	9M/19	yoy	9M/19	yoy
Revenue	539.7	+3%	539.7	+3%
EBITDA	126.1	-5%	143.1	+9%
EBIT	81.9	-20%	98.9	-1%
Net income	52.8	-15%	68.6	+13%
EPS (€)	1.06	-15%	1.38	+12%
Cash net income¹⁾	72.8	-11%	88.7	+11%
CNI per share (€)	1.49	-10%	1.81	+12%
Operating cash flow	100.2	+1%	124.7	+26%

¹⁾ Net income before minority interest plus amortization of intangible assets less amortization on in-house capitalized software

²⁾ Adjusted for non-recurring one-time stock-based compensation benefit and costs for major abandoned transaction

Key figures Q3/19

in €m	Reported		Pro forma ²⁾	
	Q3/19	yoy	Q3/19	yoy
Revenue	177.9	+7%	177.9	+7%
EBITDA	43.3	+24%	47.3	+27%
EBIT	28.5	+13%	32.5	+19%
Net income	18.1	+6%	24.3	+31%
EPS (€)	0.37	+9%	0.49	+29%
Cash net income ¹⁾	24.8	+6%	31.0	+25%
CNI per share (€)	0.51	+6%	0.63	+26%
Operating cash flow	-6.6	-	17.5	-32%

¹⁾ Net income before minority interest plus amortization of intangible assets less amortization on in-house capitalized software

²⁾ Adjusted for non-recurring one-time stock-based compensation benefit and costs for major abandoned transaction

P&L Group Q3 & 9M/19

in €m	Q3/19	Q3/18	9M/19	9M/18
Revenues	177.9	165.8	539.7	522.2
Capitalized own services /other operating income	8.0	4.7	25.3	17.2
Expense for goods & services purchased	-28.4	-32.3	-96.2	-110.7
Personnel expenses	-78.1	-73.7	-250.4	-209.6
Other operating expenses	-36.2	-29.5	-92.3	-86.4
EBITDA	43.3	35.0	126.1	132.8
Depreciation & amortization	-14.8	-9.9	-44.2	-31.1
EBIT	28.5	25.1	81.9	101.7
Financial result	-0.2	-3.2	-2.8	-8.9
Income from at-equity participations	-1.1	-0.1	-2.3	-0.2
EBT	27.2	21.8	76.8	92.6
Income taxes	-9.1	-4.7	24.0	30.4
Net income	18.1	17.1	52.8	62.2
Non-controlling interest	0.0	0.1	0.3	0.3
EPS (€)	0.37	0.34	1.07	1.25

9M/19 segment financials

Group	Revenue Share		Ambulatory Information Systems		Pharmacy Information Systems		Hospital Information Systems		Health Connectivity Services	
	9M/19	yoy	9M/19	yoy	9M/19	yoy	9M/19	yoy	9M/19	yoy
Revenue (€m)	539.7	+3%	343.2	+0%	83.4	+6%	80.3	+12%	32.8	+15%
EBITDA (€m)	126.1	-5%	115.8	-2%	25.6	+21%	7.3	+29%	10.9	+20%
Margin (%)	23%	-2ppt	34%	0ppt	31%	+4ppt	9%	+1ppt	33%	+1ppt

Capex 9M and Q3/19

	9M/19	yoy		Q3/19	yoy
€m	66.5	+35.7	CAPITAL EXPENDITURE	15.3	+3.7
		+21.3	ACQUISITIONS (GIS, Qualizorg..)		-3.5
		+13.4	OTHER CAPEX CHANGES (IFRS 16, capitalized inhouse services..)		+7.1

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