CompuGroup Medical SE

Financial Report
1 January – 31 March 2017

Synchronizing Healthcare

CompuGroup Medical

Content

Key Events and Figures

- First quarter revenue of EUR 141.5 million, an increase of 5 percent compared to the same period in 2016
- Organic growth of 3 percent
- Solid start to the year in doctor, dental and pharmacy software with combined 5 percent organic growth
- Higher costs than normal due to ramp-up for the Telematics Infrastructure roll-out lowers operating margin down to 21 percent in the quarter
- Continued strengthening of distribution network in Germany through two additional dealer acquisitions
- Highly successful testing of the Telematics Infrastructure in the ORS1 gematik project
- CGM expects the roll-out of the Telematics Infrastructure to begin in the middle of 2017 with a gradual increase in monthly installations over the second half of the year
- 2017 guidance reaffirmed

EUR ´000	01.01. - 31.03. 2017	01.01. - 31.03. 2016	Change
Revenue	141,505	135,209	5%
EBITDA	30,098	31,229	-4%
margin	*21%*	*23%*	
EPS (EUR)	0.25	0.20	
Cash net income (EUR)*	19,799	17,323	
Cash net income per Share (EUR)	0.40	0.35	14%
Cash flow from operating activities	35,389	25,173	
Cash flow investing activities	-10,645	-7,707	
of which equity acquisitions	-1,671	-1,509	
Number of shares outstanding ('000)	49,724	49,724	
Net debt	306,794	311,438	

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

Management report

THE CGM GROUP

CompuGroup Medical SE (CGM) develops and sells efficiency- and quality-enhancing software as well as information technology services exclusively for the healthcare sector. The company plays a leading role in the development of global e-health solutions and enjoys market leadership in Germany as well as in other key European countries. CGM's software products and related services are designed to support all medical and organizational activities in doctors' offices, medical laboratories, pharmacies, hospitals and other provider organizations. Its information services for health insurance companies and pharmaceutical producers contribute towards safer and more efficient healthcare. The company's services are based on a unique customer base of doctors, dentists, hospitals and pharmacies, as well as other service providers in healthcare.

CGM is currently represented with offices and employees in 20 countries. According to internal figures, CGM has software maintenance contracts in the HPS I segment (AIS and PCS) corresponding to approximately 260,000 healthcare professionals (doctors, dentists and pharmacists). Total reach across all segments is estimated at approximately 400,000 healthcare professionals.

The Group had an average of 4,057 full-time equivalent employees during the first quarter of 2017 (previous year: 4,043).

COURSE OF BUSINESS

The following sections describe the main operational developments during the first quarter of 2017.

Ambulatory Information Systems

The doctor and dental software business started the year with 5 percent organic growth in the first quarter of 2017. The growth is fueled by normal positive developments in most European markets whereas revenue in the United States continues to be flat year-on-year. Revenue recognized from the gematik project now begins to trickle down as the project nears completion and was less than EUR 1 million in the AIS segment in the first quarter.

Broader distribution model in Germany

CGM currently serves approximately 87,000 physicians and dentists as customers and users of its medical and dental information systems in Germany. The distribution of software and hardware products, as well as the associated service and support is today done through a network of sales and service partners. These sales and service partners are predominantly independent IT system houses that specialize in a product line from CGM and support and sell towards medical and dental practices in their regional environment.

CGM wants to integrate closer with these highly specialized partners and at the same time strengthen the distribution power for new products and services in Germany. This goal shall be reached by selectively taking equity participations in efficient sales and service partners and gradually build CGM's own direct nationwide sales and service network. Discussions with various partners regarding an investment or full acquisition were performed during 2016 and two sales and service partner were acquired during the first quarter (K-Line and Zöchling).

Gematik Project, Germany (ORS1 Project)

After the successful conclusion of the pre-pilot phase of the project, which started in mid-November 2016, the full scale pilot in the Northwest region (Schleswig-Holstein, North Rhine-Westphalia and Rhineland-Palatinate) was launched in December 2016. By the end of January 2017, 175 practices had been successfully connected and at the date of this report (end of April), close to all test installations have been successfully connected, more than 550,000 tests of the insured master data (VSDM) have been successfully carried out and information on more than 125,000 electronic health cards have been updated in real time. As a result, CGM has exceeded the project target of half a million online card tests more than two months before the end of the trial period. The installations and pilot operation are running without any material problems.

The results of this testing is the basis for the decision of the shareholders of gematik, the operator of the Telematics Infrastructure, to start the nationwide roll-out and productive operation. Based on the successful results so far in the test region Northwest, CGM assumes that sufficient results will be available so that the nationwide roll-out of the Telematics Infrastructure can start from July 2017 onward.

In April 2016, gematik confirmed that no separate measures will be taken to test VSDM in the Southeast region (Saxony and Bavaria). Gematik has made it clear that the waiving of testing in the second test region has no effect on the decision of its shareholders to start the nationwide roll-out and productive operation.

The German eHealth law and planned national roll-out of the Telematics Infrastructure

The „eHealth" law, which establishes the mandatory national rollout as well as the use of the Telematics Infrastructure and the electronic health card, was approved by a clear majority of the Bundestag on 3 December 2015 and entered into force on 1 January 2016. Based on this law, an estimated 225,000 participants in the healthcare sector in Germany are expected to be connected to the Telematics Infrastructure in the period up to 2018. With a full rollout CGM has the opportunity to sell new eGK-compliant online access products to this complete market and in particular to all existing ~64,000 customer locations in Germany. Even more important; the Telematics Infrastructure fits perfectly with CGMs strategy to provide more products and services to its customers, such as eServices, ePrescriptions, eLabOrder, physician networks, online clinical pathways, hosting services etc.

The testing in the ORS1 project has been very successful. However, other important prerequisites must be met to allow the rollout to begin: financing agreements between healthcare providers and insurers as well as the revision and security certification of all infrastructure components for productive operation, including connectors and card readers. Today's components and services are only certified and approved for testing in the pilot project and the suppliers have to apply for a new certification at the Federal Office for Information Security (BSI) and for final accreditation by gematik. In March, gematik finally provided all specifications for online productive operation (stage 1) and all components and their suppliers are now in the final certification and approval procedures with the goal to complete everything by July 2017.

In March, the main association of dental practitioners (KZBV) and the top association of the health insurance funds (GKV-Spitzenverband) agreed on a principle financing agreement for the Telematics Infrastructure rollout. As stipulated by the law, the costs to be connected to the Telematics Infrastructure, both initial expenses and recurring operating costs, will be covered by the health insurance funds. The specific amounts to be reimbursed will be set out in a separate agreement but will in any case be calculated so that it fully covers the lowest available costs of a standard initial installation as well as a standard operating package, thus enabling dentists to receive a full refund if they order the most favorable components and services available in the market.

In May the main association of practicing physicians (KBV) and the GKV-Spitzenverband also agreed on a financing agreement. This agreement includes specific amounts that will be reimbursed to doctors both for initial expenses and recurring operating costs. A financial incentive mechanism has also been built in which gives doctors who connect early to the Telematics Infrastructure a higher reimbursed compared to those who connect later.

Assuming that all the mentioned preconditions are met, completing the nationwide roll-out by 01.07.2018 as is required by the eHealth law is still the goal and is still possible. Rollout will then need to be done in 12 calendar months with a substantial number in 2017 and the rest during the first 6 months of 2018.

Pharmacy Information Systems

The pharmacy software business started the year with 4 percent year-on-year organic growth in the first quarter 2017 and a further 9 percent growth contribution from the acquisition of two dealers in Italy in September 2016 (Vega and CSI Calabria). The add-on product „CGM METIS" continues to be an important growth driver in the German market. CGM METIS is a business intelligence solution that supports pharmacies, branches and branch networks in all key business decisions. Whether purchasing, inventory , sales, marketing or staff - with CGM METIS pharmacist are not only fully informed , they are also provided in-depth analyzes and forecasts which put them in a position to control the pharmacy optimally in all areas.

Hospital Information Systems

In the hospital segment, the start to 2017 has been somewhat slower than expected with -1 percent revenue contraction. In terms of overall revenue development in the hospital segment, there is also an additional effect in 2017 from the strategic exit from the hospital markets in Turkey and the Middle-East which was done during 2016 with the goal to create a more focused hospital business.

Communication & Data

The Communication & Data business starts 2017 with positive organic growth. This development is a result from an increased number of projects in medical value communication for originator companies (e.g. vaccination reminders, genetic classification of patients, drug safety alerts, value tracking for stroke risk patients etc.).

Workflow & Decision Support

The workflow & decision support business starts 2017 with -13 percent organic revenue contraction. Several projects which contributed to revenue in 2016 were not replaced or followed-up this year. The first quarter of 2016 also had some additional special revenue effects (last year first quarter organic growth was 24 percent). For the full year 2017, revenue continues to be expected at the same level as last year.

Internet Service Provider

The lower revenue Internet Service Provider is a result from less revenue recognized in the Gematik project in Germany as this project is nearing its end. Outside this project, the development of the ISP business is normal.

RESULTS OF GROUP OPERATIONS

Unless stated otherwise, all figures in the management report refer to the first quarter of 2017 and 2016 respectively, i.e. the three month period 01.01. – 31.03. (Q1).

Revenue

Revenue in the first quarter of 2017 was EUR 141.5 million compared to EUR 135.2 million in the same period last year. This corresponds to 5 percent growth of which 3 percent is organic growth. Currency fluctuations increased revenue with EUR 0.6 million compared to the first quarter last year and organic growth at constant exchange rates was 2 percent.

In the HPS I segment, the first quarter revenue was EUR 108.6 million which corresponds to 8 percent growth. Revenue in Ambulatory Information Systems (AIS) grew 6 percent, of which 5 percent is organic growth. Revenue in Pharmacy Information Systems (PCS) grew 13 percent, of which 4 percent is organic growth.

HPS I revenue development (including acquisitions and exchange rate effects):

EUR m	01.01.-31.03. 2017	01.01.-31.03. 2016	Change
Ambulatory Information Systems	83.7	79.0	6%
Pharmacy Information Systems	24.9	22.0	13%
SUM	108.6	101.0	8%

In the HPS II segment and HCS segment, there are no effects from acquisitions.

HPS II revenue development (including exchange rate effects):

EUR m.	01.01.-31.03. 2017	01.01.-31.03. 2016	Change
Hospital Information Systems	17.3	17.4	-1%
SUM	17.3	17.4	-1%

HCS revenue development (including exchange rate effects):

EUR m	01.01.-31.03. 2017	01.01.-31.03. 2016	Change
Communication & Data	5.9	5.8	1%
Workflow & Decision Support	6.4	7.4	-13%
Internet Service Provider	3.3	3.6	-8%
SUM	15.6	16.8	-7%

Profit

The Consolidated EBITDA amounted to EUR 30.1 million compared to EUR 31.2 million in the first quarter of 2016. The corresponding operating margin was 21.3 percent compared to 23.1 percent in 2016. The reason for the temporary decline in operating margin is the significant increase in operating expenses related to the preparations for the rollout of the Telematics Infrastructure in Germany. These costs will continue to grow also in the second quarter leading in to the first revenue streams which are expected in the third quarter of 2017. The main developments in operating expenses in the first quarter were:

+ Expenses for goods and services increased EUR 1.8 million year-on-year with a gross margin of 83 percent, which is the same as last year.
+ Personnel expenses are up 4 percent from last year at EUR 67.5 million (first quarter 2016: EUR 64.8 million). The increase in personnel expenses is driven by employees in newly acquired companies (Vega and CSI Calabria), new employees recruited for the Telematics Infrastructure rollout in Germany, smaller changes in the composition of the workforce as well as general salary inflation.
+ Other expenses are EUR 3.4 million higher than last year at EUR 23.7 million (first quarter 2016: EUR 20.3 million).This increase is due to other expenses in newly acquired companies (Vega and CSI Calabria) as well as expenditures related to the preparations for the Telematics Infrastructure rollout in Germany.

Depreciation of tangible fixed assets in the first quarter is mostly unchanged from last year at EUR 2.1 million. Amortization of intangible fixed assets decreased from EUR 8.6 million in the first quarter last year to EUR 7.9 million in the same period this year. This is due to a number of acquired intangible assets from past purchase price allocations being fully amortized at the end of 2016. Financial income increased from EUR 1.1 million in the first quarter 2016 to EUR 2.5 million this year due to changes in currency exchange rates which lead to non-cash translation gains on Group internal debt.

The financial expense decreased from EUR 6.9 million in the first quarter 2016 to EUR 3.3 million in the same period this year and is composed of the following items:

EUR m.	01.01.-31.03. 2017	01.01.-31.03. 2016
Interest and expenses on loans and financial services	1.9	3.2
Changes in purchase price liabilities	0.2	0.0
Translation loss on non-Euro internal debt	1.4	4.1
Calculated interest on assets under construction (IAS 23)	-0.2	-0.4
SUM	3.3	6.9

After tax earnings came in at EUR 12.5 million in the first quarter of 2017, up from EUR 9.8 million in the first quarter of 2016.The tax rate was 33 percent in the first quarter this year compared to 34 percent in the first quarter of 2016.The different tax rates are mostly due to non-cash changes in deferred tax assets and liabilities, losses in tax free areas as well as changes in non-tax relevant currency conversion.

Cash net income increased from EUR 17.3 million in the first quarter 2016 to EUR 19.8 million in the first quarter 2017, corresponding to a Cash net income per share of 40 Cent (Q1/2016: 35 Cent).

Cash flow

Cash flow from operating activities during the first quarter of 2017 was EUR 35.4 million compared to EUR 25.2 million in the same period 2016. The changes compared to 2016 mainly come from the following positions:

+ Adjusted for non-cash earnings/expenditures and cash taxes, the gross cash flow from operations before change in working capital increased from EUR 12.3 million in the first quarter last year to EUR 23.0 million this year.
+ Change in working capital gave an increase in operating cash flow of EUR 12.4 million which is virtually unchanged to the same period in 2016. Similar to last year, there is a delay in invoicing and cash collection related to migration of internal legacy CRM and ERP systems to the new central SAP system.

Cash flow from investment activities during the first quarter of 2017 amounted to EUR -10.6 million compared to EUR -7.7 million in the same period last year. During the first quarter of 2017, CGM's capital expenditure consisted of the following:

EUR m.	01.01.-31.03. 2017	01.01.-31.03. 2016
Company acquisitions	1.7	1.5
Purchase of minority interest and past acquisitions	1.1	0.5
Capitalized in-house services and other intangible assets	3.8	3.3
Cash outflow for capital expenditure in joint ventures	1.0	1.3
Office building and property	0.1	1.1
Other property and equipment	2.9	0.0
SUM	10.6	7.7

Investments in other property and equipment are predominantly the partial implementation of the VPN access service for the Telematic Infrastructure. The capital invested in company acquisitions are payments for the acquisition of the shares in K-Line. K-Line is a distribution and service partner for CGM's doctor software in Hamburg and the region Schleswig-Holstein in Germany.

Cash flow from financing was EUR -17.5 million in the first quarter 2017 (previous year: EUR -15.7 million) and relates to the net cash inflow from assumption and repayment of loans.

Statement of financial position

Since the statement of financial position from 31 December 2016, total assets increased by EUR 30.3 million to EUR 838.2 million as at 31 March 2017.The largest changes to individual asset classes are a EUR 19.6 million increase in trade receivables and a EUR 6.3 million increase in cash and cash equivalents. The increase in trade receivables comes from deferred invoicing and cash collection from internal ERP system migrations during the first quarter of 2017. For all other assets there are only minor changes during the first quarter of 2017.

Group equity was EUR 232.1 million as at 31 March 2017, up from 218.7 million as at 31 December 2016. The increase in equity comes after consolidating EUR 12.5 million in net profit for the period from 01 January 2017 to 31 March 2017 plus EUR 0.9 million from the equity effect from changes in currency exchange rates and change in interest rates (actuarial gains and losses from pensions).The equity ratio is at 27.7 percent as at 31 March 2017.

The biggest changes to liabilities is a EUR 48.6 million increase in current non-financial liabilities mostly related to seasonal pre-payments of software maintenance contracts balanced under other liabilities. Liabilities to banks show a decrease of EUR 17.3 million which is related to the strong operating cash flow and limited investments in the period.

RESEARCH & DEVELOPMENT

Under IAS 38, development work on internally generated software must be capitalized if certain criteria are fulfilled. This generated EUR 3.0 million additional operating profit for the Group during the first quarter of 2017 (previous year EUR 2.2 million), less amortization and write-downs of EUR 0.5 million during the same period (previous year EUR 0.7 million).Most of the capitalized software development expenses are accounted for by two projects, G3.HIS (new HIS system development) and G3.AIS (new AIS software generation).Upon completion, the software will be amortized based on its useful life.

REPORT ON EXPECTED DEVELOPMENTS

CGM reaffirms the outlook presented in the 2016 Annual Report published 31 March 2017.

Total Group revenue is in 2017 expected to be in the range of EUR 600 million to EUR 630 million, corresponding to a growth rate of 7-12 percent. Acquisitions completed to date are expected to give a growth contribution of EUR 8 million and organic growth is expected to be 6-11 percent. This outlook is based on the assumption that the roll-out of the Telematics Infrastructure in Germany will begin in the middle of 2017 with a gradual increase in monthly installations over the second half of the year.

Revenue in the HPS I segment is expected to be in the range of EUR 460 million to EUR 480 million, corresponding to a growth rate of 9-14 percent. AIS revenue is expected to be in the range of EUR 357 million to EUR 375 million including a growth contribution of approximately EUR 3 million from acquisitions. PCS revenue is expected to be in the range of EUR 103 million to EUR 105 million including a growth contribution of approximately EUR 5 million from acquisitions.

Revenue in the HPS II segment is expected to be in the range of EUR 73 million to EUR 75 million with no material organic growth expected in 2017.

Revenue in the HCS segment is expected to be in the range of EUR 67 million to EUR 75 million in 2017, corresponding to an organic growth rate of 7-19 percent.

In terms of profitability, 2017 is again expected to be a year of margin expansion relative to 2016, despite the significant increase in personnel resources currently undertaken to execute and support the nationwide roll-out of the Telematics Infrastructure in Germany. Operating margin (EBITDA margin) is expected to be in the range of 23-24 percent and the corresponding EBITDA is expected to be in the range of EUR 138 million to EUR 150 million.

Depreciation of fixed assets is on Group level expected to be approximately EUR 8 million in 2017 and amortization of intangible assets is expected to be approximately EUR 34 million, of which EUR 30 million will come from amortization of purchase price allocations related to past acquisitions. The corresponding Group earnings before interest and tax (EBIT) is in 2017 expected to be in the range of EUR 96 million to EUR 108 million.

In summary, CompuGroup Medical offers the following guidance for 2017:

+ Group revenue is expected to be in the range of EUR 600 million to EUR 630 million.
+ Group operating income (EBITDA) is expected to be in the range of EUR 138 million to EUR150 million.

The foregoing outlook is given as at May 2017 and does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2017. The outlook for 2017 represents management's best estimate of the market conditions that will exist in 2017 and how the business segments of CompuGroup Medical will perform in this environment.

REPORT ON OPPORTUNITIES AND RISKS

As an internationally operating company, CompuGroup Medical is subject to variety of different risks. These risks mainly include strategic and macroeconomic risks as well as operating, legal and political risks. Furthermore, the group is faced with risks resulting from its project-business, risks related to key personnel and financial risks.

The group's technological expertise and market knowledge makes it possible to assess risk and apply appropriate measures to actively manage the risk exposure. To guarantee a responsible risk handling, CompuGroup works with standardized, group-wide integrated risk management system so that risks can be identified and analyzed at an early stage. A detailed description of the main risks and the specific structure of the risk management system can be found in the CompuGroup Medical SE annual report of 2016. It can be downloaded free of charge from the company's homepage at www.cgm.com.

With the exception of the factors described under "Financial and Operational Review", we see no changes compared to the risk and opportunities described in the group management report for the financial year 2016. Risks that may impact the company as a going concern were not evident during the first quarter of 2017, neither in form of individual risks nor from the total risk position for CompuGroup Medical as a whole.

Interim Statement of Financial Position

as at 31 März 2017

ASSETS

EUR `000	31.03.2017	31.03.2016	31.12.2016
Non-current assets			
Intangible assets	536,427	537,930	538,191
Property, plant and equipment	74,866	59,595	73,851
Financial assets	0	0	0
Investments in Associates and Joint Ventures	5,206	4,091	4,580
Other participations	182	171	168
Trade receivables	11,793	8,874	12,162
Other financial assets	867	2,246	845
Derivative financial instruments	0	0	0
Deferred taxes	8,765	8,194	7,668
	638,106	621,102	637,465
Current assets			
Inventories	5,766	6,041	5,271
Trade receivables	136,354	131,952	116,750
Other financial assets	1,736	3,581	1,837
Other non-financial assets	16,634	18,222	13,700
Income tax receivabless	4,358	4,792	3,904
Securities (recognized at fair value through profit or loss)	0	150	0
Cash and cash equivalents	34,062	26,816	27,756
	198,911	191,554	169,218
Non-current assets held for sale	1,222	1,222	1.222
	838,239	813,877	807,905

SHAREHOLDER EQUITY AND LIABILITIES

EUR `000	31.03.2017	31.03.2016	31.12.2016
Shareholder Equity			
Subscribed capital	53,219	53,219	53,219
Treasury shares	-20,292	-20,292	-20,292
Reserves	197,534	170,698	184,903
Capital and reserves allocated to the shareholder of the parent company	230,461	203,625	217,830
Minority interests	1,601	330	823
	232,062	203,955	218,653
Long-term liabilities			
Pensions and other non-current provisions	24,047	22,405	23,936
Liabilities to banks	315,370	294,077	316,122
Purchase price liabilities	3,401	4,656	3,512
Other financial liabilities	11,518	15,982	12,468
Other non-financial liabilities	2,496	2,166	2,839
Derivative financial instruments	0	0	0
Deferred taxes	51,958	50,015	49,548
	408,789	389,300	408,425
Current liabilities			
Liabilities to banks	25,486	44,177	42,073
Trade payables	21,864	22,805	31,381
Income tax liabilities	13,134	22,854	16,067
Other provisions	29,667	27,015	29,795
Purchase price liabilities	10,071	8,001	10,535
Derivative financial instruments	0	0	0
Other financial liabilities	9,012	14,527	11,429
Other non-financial liabilities	88,152	81,242	39.547
	197.387	220,622	180,827
Liabilities related to assets held for sale	0	0	0
	838,239	813,877	807,905

Interim Income Statement

for the reporting period of 1 January - 31 March 2017

EUR ´000	01.01.-31.03. 2017	01.01.-31.03. 2016	01.01.-31.12. 2016
Continuing operations			
Sales revenue	141,505	135,209	560,195
Capitalized in-house services	2,964	2,152	10,318
Other income	1,066	1,403	7,930
Costs for goods and services purchased	-24,274	-22,481	-104,361
Personnel expenses	-67,470	-64,787	-260,083
Other expenses	-23,692	-20,267	-88,332
Earnings before interest, taxes, depr. and amortization (EBITDA)	30,098	31.229	125,667
Depreciation of property, pants and tangible assets	-2,139	-1,879	-8,423
Earnings before interest, taxes and amortization (EBITA)	27,960	29,349	117,244
Amortization of intangible assets	-7,913	-8,614	-35,400
Earnings before interest and taxes (EBIT)	20,047	20,735	81,844
Results from associates recognized at equity	-346	-115	-1,409
Financial income	2,469	1,120	8,086
Financial expenses	-3,349	-6,883	-14,308
Earnings before taxes (EBT)	18,820	14,857	74,213
Taxes on income of the period	-6,283	-5,048	-29,743
Results from continued operations	12,537	9,809	44,470
Discontinued operations			
Profit for the period from discontinued operations	0	0	0
Consolidated net income of the period	12,537	9,809	44,470
of which: allocated to parent company	12,465	9,798	44,530
of which: allocated to minority interests	73	12	-60
Earnings per share			
undiluted (EUR)	0.25	0.20	0.90
diluted (EUR)	0.25	0.20	0.90
Additional information:		0.00	0.00
Cash net income (EUR)	19,799	17,323	76,698
Cash net income per share(EUR)	0.40	0.35	1.54

* Definition Cash Net Income: net income before minority interests plus amortization on intangible assets exept amortization on in-house capitalized software..

Interim Statement of Comprehensive Income

for the reporting period of 1 January - 31 March 2017

EUR ´000	01.01.-31.03. 2017	01.01.-31.03. 2016	01.01.-31.12. 2016
Consolidated net income for the period	12,537	9,809	44,470
Other results			
Items that will not be reclassified to profit or loss at a future point in time			
Changes in actuarial gains and losses	9	-421	-269
Deferred income taxes	-14	100	154
Items that will be reclassified to profit or loss at a future point in time when specific conditions are met			
Cashflow Hedges			
of which in equity	0	0	0
of which income			
Deferred taxes on cash flow hedges	0	0	0
Currency conversion differences	892	1,858	-1,473
Total result of the period	13,425	11,346	42,882
of which: allocated to parent company	13,352	11,334	42,942
of which: allocated to minority interests	73	12	-60

Interim Cash Flow Statement

as at 31 March 2017

EUR ´000	01.01.-31.03. 2017	01.01.-31.03. 2016	01.01.-31.12. 2016
Group net income	12,537	9,809	44,470
Amortization of intangible assets, plant and equipment	10,052	10,493	43,823
Earnings on sale of fixed assets	-8	-18	-680
Change in provisions (inlcuding income tax liabilities)	-3,095	-13,223	-16,702
Change in deferred taxes	640	1,008	-568
Other non-cash earnings/expenditure	2,865	4,273	-1,525
	22,992	12,342	68,818
Change in inventories	-335	474	1,423
Change in trade receivables	-18,917	-20,657	-6,340
Change in income tax receivables	-454	-232	656
Change in other assets	-2,821	-5,477	3,054
Change in trade payables	-9,700	-4,544	3,355
Change in other liabilities	44,623	43,267	-3,353
Cash flow from operating activities	35,389	25,173	67,613
Cash inflow from disposals of intangible assets	0	0	102
Cash outflow for capital expenditure in intangible assets	-3,791	-3,302	-16,501
Cash inflow from disposals of sales of property, plant and equipment	10	10	1,466
Cash outflow for capital expenditure in property, plant and equipment	-3,031	-1,153	-23,112
Net cash outflow for acquisitions (less acquired cash and cash equivalents)	-1,671	-1,509	-6,732
Cash outflow for aquisition in prior periods	-1,162	-500	-1,855
Cash outflow for capital expenditure in joint ventures	-1,000	-1,254	-2,755
Cash flows from investing activities	-10,645	-7,707	-49,387
Purchase of won shares	0	0	0
Dividends paid	0	0	-17,403
Dividens paid to non-controlling interests	0	0	-39
Acquisition of additional shares from non-controlling interests	-87	0	0
Cash outflow from the repayment of liabilities from finance lease	-899	-	-3,565
Cash inflow from assumption of loans	5,000	11,991	70,140
Cash outflow from the repayment of loans	-22,435	-27,676	-64,833
Cash flow from financing activities	-18,421	-15,685	-15,700
Cash and cash equivalents at the beginning of the period	27,756	25,057	25,057
Change in cash an cash equivalents	6,323	1,781	2,526
Changes in cash and cash equivalents due to exchange rate fluctuations	-16	-22	173
Cash and cash equivalents at the end of the period	34,062	26,816	27,756
Interest paid	1,768	4,572	11,068
Interest received	86	297	1,210
Income tax paid	6,133	13,779	31,365
Income tax received	0	0	0

Interim Changes in Consolidated Equity

as at 31 March 2017

EUR ´000	Share capital	Treasury shares	Reserves	Accumulated other operating income: Cashflow Hedges	Accumulated other operating income: Currency-conversion	Equity attributable to shareholders of CGM SE	Non controlling interest	Consolidated equity
Balance as at 01.01.2016	53,219	-20,292	181,628	0	-22,264	192,291	319	192,610
Group net income	0	0	44,530	0	0	44,530	-60	44,470
Other results	0	0	0	0	0	0	0	0
Changes in the fair value of cashflow hedges	0	0	0	0	0	0	0	0
Reversals of cashflow hedges	0	0	0	0	0	0	0	0
Actuarial gains and losses	0	0	-115	0	0	-115	0	-115
Currency conversion differences	0	0	0	0	-1,473	-1,473	0	-1,473
Total result of the period	0	0	44,415	0	-1,473	42,942	-60	42,882
Transactions with shareholders	0	0	0	0	0	0	0	0
Capital contribution	0	0	0	0	0	0	0	0
Dividend distribution	0	0	-17,403	0	0	-17,403	-39	-17,442
Stock options programm	0	0	0	0	0	0	0	0
Repurchase of treasury shares	0	0	0	0	0	0	0	0
Non-controlling interes from acquisitions	0	0	0	0	0	0	603	603
Additional purchase of shares from non-controlling interests after control	0	0	0	0	0	0	0	0
Other changes (Previous year: Changes in scope of consolidation)	0	0	0	0	0	0	0	0
Balance as at 31.12.2016	53,219	-20,292	208,640	0	-23,737	217,830	823	218,653
Group net income	0	0	12,465	0	0	12,465	73	12,537
Other results	0	0	0	0	0	0	0	0
Changes in the fair value of cashflow hedges	0	0	0	0	0	0	0	0
Actuarial gains and losses	0	0	-5	0	0	-5	0	-5
Currency conversion differences	0	0	0	0	892	892	0	892
Total result of the period	0	0	12,460	0	892	13,352	73	13,425
Transactions with shareholders	0	0	0	0	0	0	0	0
Capital contributiion	0	0	0	0	0	0	0	0
Dividend distribution	0	0	0	0	0	0	0	0
Stock options programm	0	0	0	0	0	0	0	0
Non-controlling interrests from acquisitions	0	0	0	0	0	0	0	0
Additional purchase of shares from non-controlling interests after control	0	0	-722	0	0	-722	635	-87
Repurchase of treasury shares	0	0	0	0	0	0	71	71
Issue of treasury shares	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
Changes in the scope of consolidation	0	0	0	0	0	0	0	0
Balance as at 31.03.2017	53,219	-20,292	220,378	0	-22,845	230,461	1,601	232,062

Explanatory notes

GENERAL ACCOUNTING PRINCIPLES FOR THE INTERIM FINANCIAL REPORT

General Accounting Principles

The accompanying condensed IFRS-Interim Financial Statement for the period ended 31 March 2017 is a Consolidated Financial Statement. Unless otherwise specified, all amounts are provided in thousands of euros (EUR thousands) or millions of euros (EUR millions). Rounding differences of +/- one unit (EUR thousands, percent, etc.) may arise due to calculations.

The first quarter consolidated financial statements as of 31 March 2017 have been prepared, like the Consolidated Annual Financial Statements for the year 2016, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. This Consolidated Interim Financial Statement prepared in accordance to IAS 34 is condensed compared to the scope applied for the Consolidated Financial Statement for the full year. The accounting policies in the interim Financial Statements are consistent with those used in the Consolidated Financial Statements in 31 December 2016, with the exception of the subsequently illustrated and firstly applied revised standards. Relevant information are shown in the Consolidated Financial Statements as of 31 December 2016. This Consolidated Interim Financial Statements and the Interim Management Report were not reviewed by any auditor.

The overview below gives information about the relevant foreign exchange rates for the condensed consolidated interim IFRS-financial statements:

	Fixed rates		Average rates January - March	
1 € equals to	31.03.2017	31.12.2016	2017	2016
Denmark (DKK)	7.44	7.43	7.44	7.45
Canada (CAD)	1.43	1.42	1.44	1.47
Malaysia (MYR)	4.73	4.73	4.73	4.56
Norway (NOK)	9.17	9.09	8.99	9.37
Poland (PLN)	4.23	4.41	4.32	4.36
Rumania (RON)	4.55	4.54	4.52	4.49
Sweden (SEK)	9.53	9.55	9.51	9.37
Switzerland(CHF)	1.07	1.07	1.07	1.09
Singapore (SGD)	1.49	1.52	1.51	1.53
South Africa (ZAR)	14.24	14.46	14.08	16.68
Czech Republic(CZK)	27.03	27.02	27.02	27.04
Turkey (TRY)	3.89	3.71	3.94	3.28
USA (USD)	1.07	1.05	1.06	1.12

Unless otherwise stated, all figures refer to the first three months of 2017 and 2016 respectively. The business development showed no signs of significant cyclical fluctuations. The business volume of CompuGroup Medical SE normally tends to be higher in the second half of the year and particularly in the fourth quarter of the financial year (1 October – 31 December).
When preparing the consolidated interim financial statements, CGM's management made estimates and assumptions in the process of applying the accounting policies that may influence the amounts of assets, liabilities as well as expense and income. Although these assumptions and estimates were made to the best knowledge of the Management Board, actual results may differ from these estimates.

The main assumptions being used for preparing the Consolidated Interim Financial Statements are identical to those used for the preparation of the Consolidated Financial Statements as at year-end 31 December 2016. Furthermore, assumptions have been made for the previous fiscal year in the determination of the personnel expenses, the provisions for post-employment benefits and anniversaries and for the tax accruals for the fiscal year.

New and revised Standards to be applied for the fiscal year 2017

There are no new or revised standards, which have to be applied by the EU from 1 January 2017.
In all other respects, the same accounting policies and consolidation principles are generally applied for the preparation of consolidated interim financial statements and the presentation of the prior-year comparative figures as to the consolidated financial statements for 2016. A detailed description of these accounting policies is given in the notes of the 2016 consolidated financial statements.

Standards, Interpretations and amendments which have already been endorsed by the EU but are applied at a later date

Standard (Issue date)	Subject matter	Effective for financial years beginning on or after (EU)
IFRS 15 (28 May 2014) including amendments to IFRS 15: Effective date of IFRS 15 (11 September 2015)	The new standard establishes uniform requirements regarding the amount, time and time period of revenue recognition. The standard will in future replace the existing requirements governing revenue recognition under IAS 18 Revenue and IAS Construction Contracts..	1 January 2018
IFRS 9 (24 July 2014)	IFRS 9 contains requirements governing the recognition and measurement of financial instruments, derecognition and hedge accounting.	1 January 2018

It is assumed that the first application of IFRS 15 will lead to significant impacts for the consolidated (interim) financial statements of CompuGroup Medical SE, while the application if IFRS 9 will lead to insignificant impacts. The expectations have been illustrated in detail in the annual report of 31 December 2016, on which is referred at this point.

Amendments, standards and interpretations published by the IASB but not yet transported into European legislation
The IASB and IFRIC have adopted several additional standards and interpretations which are not yet mandatory applicable in the fiscal year 2017 starting from 1 January 2017. The application of these IFRS and IFRIC is depending from the EU-endorsement.

Standard (Issue date)	Subject matter	Effective for financial years beginning on or after (EU)
IFRS 14 (30 January 2014)	Regulatory Deferral Accounts	The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.
IFRS 16 (13. January 2016)	The new standard principally requires lessees to recognize assets and liabilities for all leases and to present the rights and obligations associated with these leases in the statement of financial position. Going forward, lessees will therefore no longer required to make the distinction between finance and operating leases that was required in the past in accordance with IAS 17.	1. January 2019
„Amendments to IFRS 10 and IAS 28 (11 September 2014)"	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	
„Amendments to IAS 12 (19 January 2016)"	Clarification of the accounting for deferred tax assets for unrealized losses on debt instruments that are classified as available-for-sale financial assets.	1. January 2017
„Amendments to IAS 7 (29 January 2016)	The pronouncement requires that entities provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities	1. January 2017
„Clarifications to IFRS 15 (12 April 2016)"	Clarifying some requirements and providing additional transitional relief for companies that are implementing the new Standard	1. January 2018
„Amendments to IFRS 2 (20 June 2016)"	The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1. January 2018
Amendments to IFRS 4 (12 September 2016)	The amendments in Applying IFRS 9 with IFRS 4 provide two options for entities that issue insurance contracts within the scope of IFRS 4: an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (overlay approach); an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (deferral approach).	1. January 2018
„Annual Improvements to IFRS (2014-2016 Cycle) (8 December 2016)"	The annual improvement process refers to the following standards: IFRS1, IFRS12, IAS28	1. January 2018/ 1. January 2017
IFRIC 22 (8. December 2016)	The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income.	1. January 2018
IAS 40 (8. December 2016)	Clarification of the application of paragraph 57 of IAS 40. The Interpretations Committee referred the matter to the IASB, and at its April 2015 meeting, the IASB agreed to amend the paragraph to reinforce the principle for transfers into, or out of, investment property in IAS 40 to specify that such a transfer should only be made when there has been a change in use of the property.	1. January 2018

The possibility of an early application for particular standards is given. CompuGroup Medical SE does not make use of the possibility of an early application of these standards. Currently CompuGroup Medical SE evaluates the consequences, which will arise from the first time adoption of these standards.

However, it is expected that IFRS 16 will lead to significant changes for the (interim-) consolidated financial statements due to the first time application, particularly with regard to important financial figures. The application of the remaining standards, amendments and interpretations no significant changes for the (interim-) consolidated financial statements of CompuGroup Medical SE are expected. More detailed expectations were described in the Annual Report from 31 December 2016, on which is referred at this point.

SELECTED EXPLANATORY NOTES

Changes in the business and the economic circumstances

In comparison to the financial year 2016, the first quarter of 2017 shows no significant change to the business and the economic circumstances of CompuGroup Medical SE, with the exception of the factors described in the Interim Management Report.

Consolidated companies

The Consolidated Interim Financial Statements as of 31 March 2017 include the Financial Statements of CompuGroup Medical SE and all companies controlled by CompuGroup Medical SE (subsidiaries) as of 31 March 2017. The consolidation begins from the date control is obtained and ends when control ceases to exist. Compared to the 31 December 2016 the scope of consolidation has changed as follows:

Changes in Scope of Consolidation	Germany	Foreign countries	Total
CompuGroup Medical SE and consolidated subsidiaries			
As at 1 January 2017	28	58	86
Additions	1	0	1
Disposals / Merger	2	1	3
As at 31. March 2017	27	57	84

Detailed information is described in the following section "Company acquisitions, disposals and foundations".

Company acquisitions, disposals and company foundations

The addition results from the acquisition of K-Line Praxislösungen GmbH, made by the CGM Group in the fiscal year 2017. This acquisition together with other merger which have no impacts on the scope of consolidation, are illustrated on a table below based on the data of the particular acquisition date with their effects on the consolidated financial statements.

The disposals result from the intercompany merger of the Micromedic GmbH into Turbomed Vertriebs und Service GmbH, the merger of Stock Informatik Verwaltungs GmbH into CompuGroup Medical Deutschland as well as the merger of Medical EDI Services (Pty) Ltd., South Africa, into CompuGroup Medical South Africa (Pyt) Ltd., South Africa.

EUR '000	Total 2017	K-Line Praxislösungen GmbH	Other Acquisitions
Purchase date		01.01.2017	-
Voting rights acquired in %		95%	-
Acquired assets and liabilities assumed recognized at acquisition date			
Non-current assets	1,823	1,823	
Software	1	1	0
Customer relationships	1,516	1.516	0
Brands	209	209	0
Order backlog	0	0	0
Property and buildings	0	0	0
Other fixed assets and office equipment	84	84	0
Other non-current financial assets	14	14	0
Other non-current non-financial assets	0	0	0
Deferred tax assets	0	0	0
Current assets	820	820	0
Inventories	160	160	0
Trade receivables	318	318	0
Other current financial assets	0	0	0
Other current non-financial assets	34	34	0
Other assets	0	0	0
Cash and cash equivalents	307	307	0
Non-current liabilities	521	521	0
Pensions	0	0	0
Liabilities to banks	0	0	0
Other provisions	0	0	0
Other financial liabilities	0	0	0
Other non-financial liabilities	0	0	0
Other liabilities	0	0	0
Deferred tax	521	521	0
Current liabilities	697	697	0
Trade payables	184	184	0
Contingent liabilities	0	0	0
Liabilities to banks	0	0	0
Other provisions	144	144	0
Other liabilities	97	97	0
Other financial liabilities	186	186	0
Other non-financial liabilities	87	87	0
Net assets acquired	1,425	1,425	0
Purchase price paid in cash	1,978	1,978	0
Liabilities assumed	349	349	0
of which contingent consideration	0	0	0
Issued equity instruments	0	0	0
Total consideration transferred	2,328	2,328	0
Non-controlling interests	71	71	0
Goodwill	974	974	0
Acquired cash and cash equivalents	307	307	0
Purchase price paid in cash	1,978	1,978	0
Prepayments on acquisitions	0	0	0
Fair value of equity interest in the acquiree held by acquirer immediately before the acquisition date	0	0	0
Payments for acquisitions after date of acquisition	1,162	0	1,162
Cash outflow for acquisitions (net)	-2,833	-1,671	-1,162
Effects of the acquisition on Group result			
Sales revenue following date of acquisition	682	682	0
Result following date of acquisition	113	113	0
Sales revenue in 2017 (hypothetical date of acquisition 01. Januar 2017)	682	682	0
Result 2017 (hypothetical date of acquisition 01. Januar 2017)	113	113	0
Costs attributable to the acquisition	192	192	0

Acquisition of K-Line Praxislösungen GmbH, Germany
On January 2017 CompuGroup Medical Deutschland AG, s wholly-owned subsidiary of CompuGroup Medical SE, acquired 95 percent shares of K-Line Praxislösungen GmbH with registered office in Kiel.

K-Line supervises IT-Solutions for physicians and medical care centers with the focus on distribution and service for the Ambulatory Information System (AIS), hardware and IT-infrastructure. K-Line is a distribution and service partner of CGM Deutschland AG for the segment CGM MEDISTAR.

K-Line was initially consolidated on January 2017. The turnover of K-Line for the abbreviated financial year from 1 April until 31 December 2016 amounted to about EUR 3,000 thousand with an EBITDA of EUR 206 thousand. . The purchase price amounted to EUR 2,327 thousand and has been paid out by an amount of EUR 1,978 thousand at closing date.
The still contractually outstanding purchase price payments of EUR 349 thousand are recognized under the position current purchase price liabilities at closing date.

The goodwill value of EUR 973 thousand results especially from the synergies within the Group due to the inclusion of K-Line into the Group. No recognized goodwill will be deductible for tax purposes.

The fair value of the acquired intangible assets, excluding the goodwill, amounts to EUR 1,724 thousand and is related to customer relationships and trademark rights. The receivables and payables associated with the acquisition, which essentially consist of trade receivables and payables, are balanced at book value at the date of acquisition of control, which corresponds to fair value based on the expected collection period and the best estimate of access to contractual cash flows. Uncollectable receivables were not identified at the time of initial recognition.

Deferred tax liabilities of EUR 521 thousand were applied to the fair value of the acquired intangible assets excluding goodwill. There were no contingent liabilities or contingent claims identified with the initial accounting.

The initial accounting of K-Line was carried out in provisional form as at 1 January 2017, since the evaluated information of the acquired customer relationships and trademarks are not completed yet.

Remaining Additions
The remaining additions represent the cash outflows for company acquisitions after acquisition data for the following business combinations:

Acquisition of Micromedic GmbH, Germany
In 2016 Turbomed Vertriebs- und Service GmbH, a wholly-owned subsidiary of CompuGroup Medical SE, acquired 100 percent of the shares of Micromedic GmbH with registered office in Neuss, Germany.

The purchase price amounted to EUR 1,900 thousand and has been paid out by an amount of EUR 1,650 thousand on 31 December 2016. The still contractually outstanding purchase price payments of EUR 250 thousand has been paid out in the first quarter 2017.

Acquisition of KoCo Connector AG, Germany
In January 2017, CompuGroup Medical SE and the shareholder of the remaining shares in KoCo Connector AG, agreed in an out-of-court settlement, on the transfer against payment of the remaining shares in KoCo Connector AG. The total purchase price for 45 percent of shares in KoCo Connector AG, resulting from both, the out-of-court settlement and the recognition of the purchase price liabilities under the position current purchase price liabilities as of 31 December 2016, amounted to EUR 1,098 thousand. The total purchase price includes two components, the reseller contract and a fixed purchase price component. The fixed purchase price component for 45 percent of the shares in the amount of EUR 783 thousand, has been paid out in the first quarter 2017. The remaining amount of EUR 315 thousand for the reseller contract is still recognized under the position current purchase price liabilities on 31 March 2017. Within the scope of the out-of-court settlement with the owners of the outstanding shares in KoCo Connector AG, the remaining 5 percent have been acquired, which as far were recognized as minorities with an amount of EUR 87 thousand. The acquisition of those 5 percent of minority shares is recognized directly in equity as additional purchase of shares from non-controlling interests after control.

Acquisition oft he assets of Puntofarma, Italy
The outstanding contractually agreed purchase price for the received assets of Puntofarma, which has been recognized under the position current purchase price liabilities on 31 December 2016 with an amount of EUR 129 thousand, has been completely paid out in the first quarter 2017.

Acquisitions and disposals of items of Tangible assets

In the first three months of the financial year 2017, CompuGroup Medical SE acquired tangible assets with a total amount of EUR 3.0 million.

Related party transactions

The related party transactions are as follows:

	Sale of goods		Purchase of goods		Receivables		Liabilities	
EUR '000	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Related persons	9	8	86	26	0	2	78	2
Related companies	633	445	4,227	1.852	223	539	143	688
Associated companies	588	0	14	4	694	0	17	0
SUM	1,230	453	4,327	1,882	917	541	238	690

Related Persons:

The rise of received accounts payable as well as the thereof resulting liabilities to related Persons arise due the inclusion of the provision for the supervisory board.

Related companies:

The rise of received accounts payable is based especially on the maintenance contract of MPS Public Solutions GmbH, which has been invoiced as an annual account, for the fiscal year 2017. As these values have been paid already, there are no liabilities with comparable amounts. The rise for the remaining quarters is expected to be moderate.

Furthermore, the rise is based on the supported business relationship to Gotthardt Informationssysteme GmbH, which operates especially as distribution and service partner. The quarterly result is comparable to the amount of the received accounts payable from the fourth quarter 2016.

Associated Companies:

The difference between the reporting period and the comparable period results primarily from rendered services of the MGS Meine Gesundheits Services GmbH.

Compliance with payment obligations and financial covenants

On the 23 September 2014 CGM entered into a new syndicated loan facility for a total sum of EUR 400.0 million. The syndicated loan facility consists of a "term loan facility" (also referred to in the following as "TLF") with the amount of EUR 225.0 million and a "revolving loan facility" (also referred to in the following as "RLF") with the amount of EUR 175.0 million.

The syndicated loan facility has a duration of five years. The TLF must be repaid pro rata in equal instalments of EUR 15.0 million on 31 January and 31 July in each year, commencing on 31 July 2015, with a final payment of the balance of any outstanding term facility loans to be repaid on the termination date. The RLF must be repaid at the end of each interest period and can be taken out again immediately thereafter.

The interest period can be chosen by CGM SE at its discretion. The interest rate is based upon the 3 month-EURIBOR rate for the interest period chosen plus a margin derived from the relationship between the consolidated net borrowings and the adjusted consolidated EBITDA (Leverage). The margin was 1.75 percent for the first three months of 2017.

As of 31 March 2017 EUR 165.0 million of the TLF and EUR 135 million of the RLF were utilized. Loan origination fees totaling EUR 3.5 million were incurred related to these facilities. These fees will be charged as a financial expense over the term of the loan agreement. For this syndicated loan facility no hedge has been concluded. The grant of the loan is linked to the compliance of certain financial covenants.

The loan agreement includes joint and several guarantees for payment by a number of CGM's subsidiaries (contingent liability in case of non-payment of CompuGroup Medical SE).

In the first three months of the financial year 2017 CGM is compliant with all financial covenants entered in all of its loan agreements.

Other financial obligations and finance commitments

At 31 March 2017 CGM had open obligations from uncancellable operating leases, maturing as follows:

EUR '000	31.03.2017	31.03.2016
Within 1 year	13,297	13,951
Between 2 and 5 years	23,025	26,718
Longer than 5 years	5,119	7,204
SUM	41,441	47,873

Payments from operating lease agreements include the rent for office equipment and particularly for office buildings (without purchase option). Lease agreements are concluded for an average term of three years. The rents are fixed for three to seven years. Operating leasing relationships are recognized on a pro rata basis in the income statement.
During the financial year 2017, contingent liabilities, guarantees and other commitments did not change significantly compared to 31 December 2016.

Financial instruments

The Group has various financial assets such as trade receivables, cash and cash equivalents, which result directly from operations. The same accounting policies and valuation methods that were applied in the Financial Statements as of year-end 2016, have been applied to the company's financial instruments.

The following table presents carrying amounts and valuation of the Group's financial instruments grouped by categories according to IAS 39.

			IAS 39 valutation			Bewertung nach IAS 17	
Categories of financial instruments in accordance with IAS 39	Category-accordings to IAS 39	Book value as at 31.03.2017	Acquisition costs (continued)n	Fair value through profit and loss	Faire value recognized in equity	Acquisition costs (continued)	Fair value as at 31.03.2017
Financial assets							
Cash and bank balances	LaR	34,062	34,062	0	0	0	34,062
Trade receivables	LaR	98,128	98,128	0	0	0	98,128
Receivables from construction contracts (PoC)	LaR	33,811	33,811	0	0	0	33,811
Other receivables	LaR	2,604	2,604	0	0	0	2,604
Finance lease receivables	-	16,208	0	0	0	16,208	17,196
Other financial assets	AfS	182	-	-	-	-	-
Total financial assets		**184,995**	**168,605**	**0**	**0**	**16,208**	**185,801**
Financial liabilities							
Liabilities to banks	oL	340,856	340,856	0	0	0	341,610
Purchase price liabilities	oL	13,472	13,472	0	0	0	13,472
Trade payables	oL	21,892	21,892	0	0	0	21,892
Other financial liabilities	oL	5,428	5,428	0	0	0	5,428
Financial lease obligations	-	15,102	0	0	0	15,102	15,007
Total financial liabilities		**396,751**	**381,649**	**0**	**0**	**15,102**	**397,410**
Total per category							
Assets loans available for sale	AfS	182	0	0	0	0	0
Loans and receivables	LaR	168,605	168,605	0	0	0	168,605
Financial assets measured at fair value through profit and loss	FVtPL	0	0	0	0	0	0
Other liabilities	oL	381,649	381,649	0	0	0	382,403

Fair value measurement

The fair value is not always available as a market value, which often necessitates a determination based on various measurement parameters. Depending on the availability of observable parameters and the relevance of these parameters for determining the fair value as a whole, the fair value is assigned to Level 1, 2 or 3. Assignment to these levels is effected under consideration of the following factors:

+ Level 1 parameters: Here, according to the current existing IFRS, the market value of assets and liabilities is calculated based on quoted, unadjusted prices like those that arise for similar or identical assets and liabilities in active markets

+ Level 2 parameters: Here, the market value of assets and liabilities is calculated on the basis of parameters for which either directly or indirectly quoted prices are also made available to an active market.

+ Level 3 parameters are non-observable parameters which have to be developed to simulate the assumptions of market participants, which they would use to evaluate the market value of assets and liabilities.

Fair value of financial assets and liabilities that are regularly measured at fair value according to the valuation hierarchies:
The CGM-Group does not measure regularly any financial assets and liabilities at fair value for the closing date 31 March 2017. The only exception is the reseller contract of KoCo Connector AG, which is recognized as a Level 3 instrument under the position current purchase price liabilities.

Fair value of financial assets and liabilities that are not regularly measured at fair value according to the valuation hierarchies:

EUR 000	31.03.2017	Level 1	Level 2	Level 3
Fair value of financial assets valuated at (continued) acquisition costs				
Trade receivables	98,128	0	98,128	0
Receivables from construction contracts (PoC)	33,811	0	33,811	0
Other receivables	2,604	0	1,276	1,328
Finance lease receivables	17,196	0	17,196	0
Other financial assets	0	0	0	0
Total	151,739	0	150,411	1,328
Fair value of financial liabilities valuated at (continued) acquisition costs				
Liabilities to banks	341,610	0	0	341,610
Purchase price liabilities	13,472	0	0	13,472
Trade payables	21,892	0	21,892	0
Other financial liabilities	5,428	0	5,360	69
Financial lease obligations	15,007	0	15,007	0
Total	397,410	0	42,259	355,151

Post balance sheet events

In March 2017 CompuGroup Medical Italia S.p.A., a wholly-owned subsidiary of CompuGroup Medical SE, acquired 50 percent of the shares of Fablab S.r.l. with registered office in Milan.

Due to the missing control Fablab S.r.l. has not been fully consolidated on 31 March 2017. Fablab S.r.l. has been firstly balanced as an associated company at equity on 31 March 2017. At reporting date 31 March 2017 Fablab S.r.l. has been recognized as an associated company applying the at-equity-method.

On April CompuGroup Medical Italia S.p.A. obtained control through a merger process whereby CompuGroup Medical Italia S.p.A. received additional shares in Fablab S.r.l.

Other essential events were not noted after the closing date.

Segment reporting

In accordance with IFRS 8 „Operating Segments" the activities of CompuGroup Medical SE are divided into operating segments for segment reporting purposes.

A classification based on the individual products or services is applied for controlling purposes and for the allocation of resources. Six operating segments result from this classification. These six operating segments are aggregated into the three reporting segments HPS I (Health Provider Services I), HPS II (Health Provider Services II) and HCS (Health Connectivity Services).

The board of directors as Chief Operating Decision Maker evaluates the performance of the three reporting segments based on the reporting system and takes decisions on the allocation of resources. For the evaluation of the performance of the operating segments the board of directors use „Earnings before interest, tax, depreciation and amortization"(EBITDA) as key performance indicator, which represents the result of the individual segment.

TEUR	Segment I: Health Provider Services I (HPS I) 2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec	Segment II: Health Provider Services II (HPS II) 2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec	Segment III: Health Connectivity Services (HCS) 2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec
Sales to third parties	108,569	100,961	422,801	17,267	17,403	74,512	15,611	16,836	62,764
Sales between segments	1,742	1,441	7,202	2,889	2,631	11,624	1,656	1,571	6,717
Segment Sales	110,312	102,402	430,003	20,155	20,034	86,136	17,267	18,407	69,480
thereof recurring sales	82,798	77,428	314,271	10,943	10,328	41,538	4,758	4,858	18,842
Capitalized inhouse services	1,124	473	3,648	0	200	200	108	200	559
Other income	760	305	3,702	255	1,109	2,885	260	42	2,443
Expenses for goods and services purchased	-20,225	-17,253	-78,009	-3,470	-4,044	-19,662	-4,860	-4.,898	-24,401
Personnel costs	-41,468	-39,063	-161,409	-12,297	-12,207	-48,829	-6,105	-5,988	-21,292
Other expenses	-19,715	-17,306	-74,691	-3,235	-2,231	-13,738	-3,427	-3,177	-11,184
EBITDA	30,787	29,558	123,245	1,409	2,861	6,991	3,243	4,585	15,605
in % of sales	27.9%	28.9%	28.7%	7.0%	14.3%	8.1%	18.8%	24.9%	22.5%
Depreciation of property, plants and tangible assets									
Amortization of intangible assets									
Impairment for financial assets									
EBIT									
Results from associates recognised at equity									
Financial income									
Financial expense									
EBT									
Taxes on income for the period									
Profit for the period from discontinued operations									
Consolidated net income for the period									
in % of sales									
CASH NET INCOME*									

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

All other Segments			Sum Segments			Consolidation			CompuGroup Medical Group		
2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec	2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec	2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec	2017 Jan - Mar	2016 Jan - Mar	2016 Jan - Dec
58	9	118	141,505	135,209	560,195	0	0	0	141.505	135.209	560,195
951	691	3,130	7,238	6,333	28,673	-7,238	-6,333	-28,673	0	0	0
1,009	699	3,248	148,743	141,542	588,868	-7,238	-6,333	-28,673	141.505	135.209	560,195
3	3	12	98,501	92,617	374,662	0	0	0	98.501	92.617	374,662
1,607	1,205	5,514	2,839	2,078	9,922	126	74	397	2.964	2.152	10,318
1,119	1,029	4,826	2,393	2,485	13,855	-1,328	-1,082	-5,925	1.066	1.403	7,930
-31	4	-73	-28,586	-26,192	-122,145	4,311	3,710	17,784	-24.274	-22.481	-104,361
-2,748	-2,745	-9,853	-62,617	-60,003	-241,384	-4,853	-4,784	-18,699	-67.470	-64.787	-260,083
-3,472	-2,920	-14,600	-29,849	-25,634	-114,213	6,157	5,367	25,881	-23.692	-20.267	-88,332
-2,516	-2,727	-10,938	32,923	34,276	134,903	-2,825	-3,048	-9,236	30.098	31.229	125,667
0.0%	0.0%	0.0%	22.1%	24.2%	22.9%	0.0%	0.0%	0.0%	21.3%	23.1%	22.4%
									-2,139	-1,879	-8,424
									-7,913	-8,614	-35,399
									0	0	0
									20,047	20,735	81,844
									-346	-115	-1,409
									2,469	1,120	8,086
									-3,349	-6,883	-14,308
									18,820	14,857	74,213
									-6,283	-5,048	-29,743
									0	-115	0
									12,537	9,809	44,470
									8.9%	7.3%	7.9%
									19,799	17,323	76,698

Additional information

FINANCIAL CALENDAR 2017

Dates	Events
04 May 2017	Interim Report Q1 2017
10 May 2017	Annual General Meeting
03 August 2017	Interim Report Q2 2017
12 October 2017	Investor and Analyst Conference
09 November 2017	Interim Report Q3 2017

SHARE INFORMATION

The share of CompuGroup finished the first quarter with a closing price of EUR 41.72. The average closing share price decreased by 1.2 percent from EUR 39.05 (Q4/2016) to EUR 38.57 (Q1/2017).

The highest quoted price during the quarter was EUR 41.72 on 31 March 2017 and the lowest price EUR 36.12 on 31 January 2017.

The trading volume of CompuGroup shares was 3.3 million shares during the first quarter, up 39 percent compared to the previous quarter. On average, the daily trading volume was approximately 50,000 shares (daily average in 2016: approximately 42,000).

By the end of March 2017, a total of seven analyst companies were covering the CompuGroup Medical share on a regular basis. The forecast price targets ranged from EUR 38.00 to EUR 47.00. Four analysts rated the shares a "buy" and three analysts as "hold" or "neutral".

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Management Responsibility Statement

To the best of our knowledge, and in accordance with applicable accounting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group over the remainder of the financial year.

Koblenz, 04 May 2017

CompuGroup Medical Societas Europaea
The Management Board

Frank Gotthardt | Frank Brecher | Uwe Eibich | Christian B. Teig

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