

# Synchronizing Healthcare

1st quarter 2014 – Conference Call

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08 May, 2014



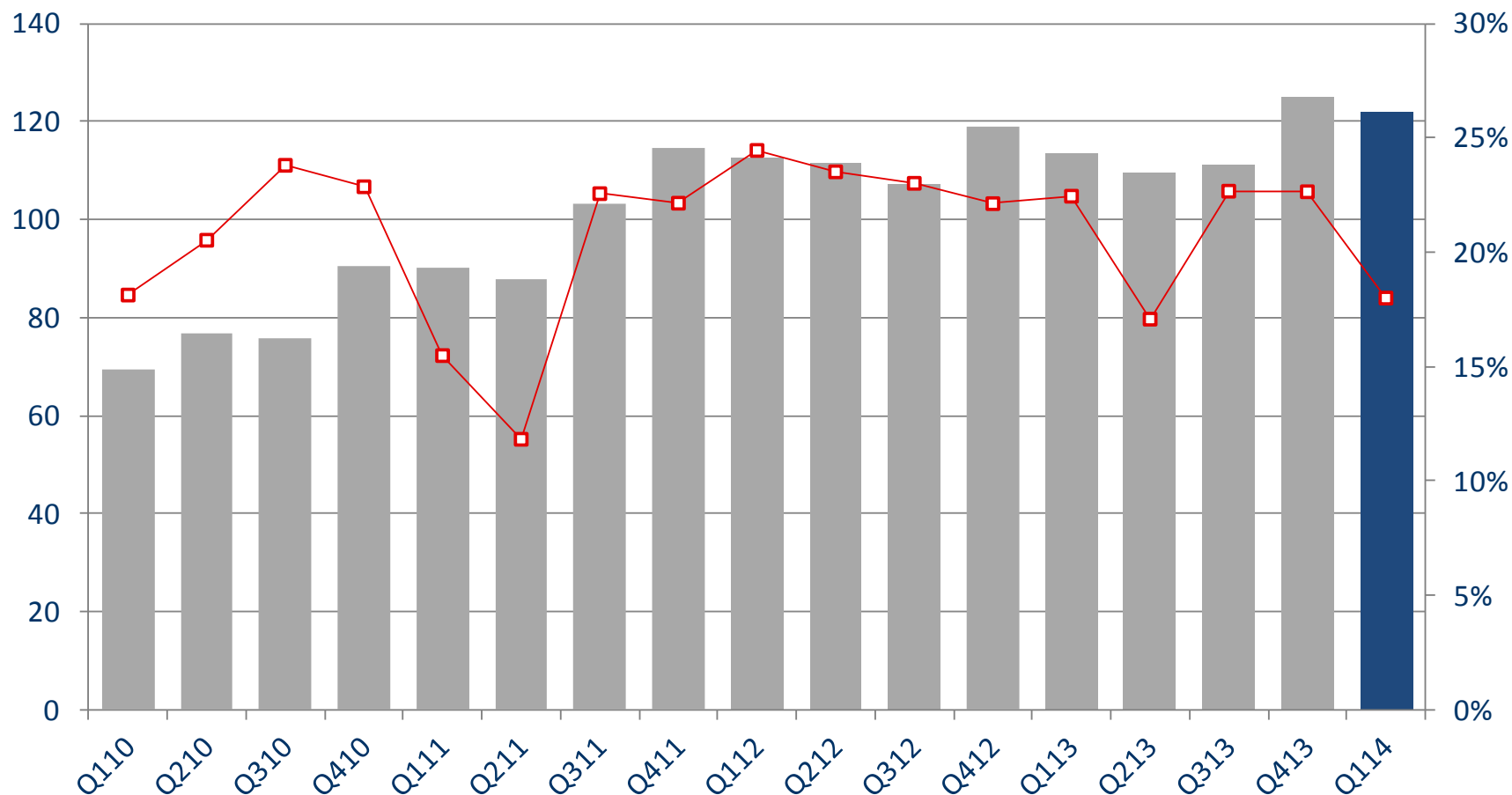
# Key figures first quarter 2014

€ M	Q1 14	Q1 13	Change	2013
Revenue	122.1	113.5	8%	459.6
EBITDA	22.0	25.5	-14%	97.8
EBIT	12.0	15.7		56.8
EBT	7.0	14.2		35.2
Net income	4.6	10.3		21.7
EPS (€)	0.10	0.21		0.48
Cash net income*	12.0	17.4		51.7
Cash net income per share (€)	0.24	0.35		1.04

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

# 2010 – 2014 per quarter

Revenue (€ M) / profitability (EBITDA%)

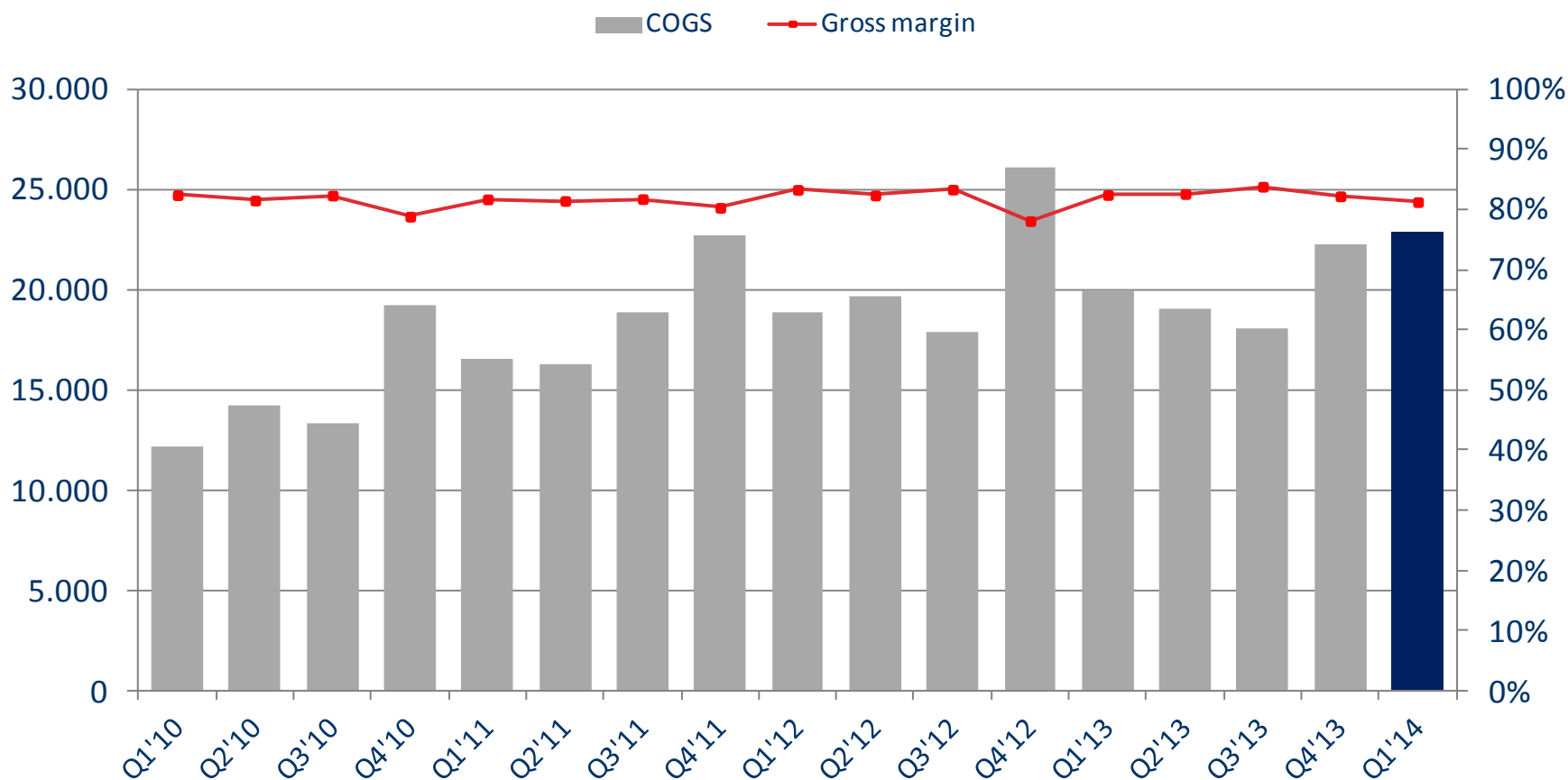


# Operating margin Q1 2014

- High fixed costs in the hospital business which erodes margins when revenue falls short of expectations
- Planned special initiatives in 2014
  - Transaction costs and integration of several newly acquired companies
  - Investments in product and service line expansion related to the Telematik Infrastruktur project in Germany
  - Continued investments in product and service improvements, sales and marketing in the United States
  - Continued high R&D investments in the G3 HIS 'fast-track' and G3 AIS projects
  - Direct expenses related to the roll-out of a single group-wide fully standardized ERP, CRM and CPM system

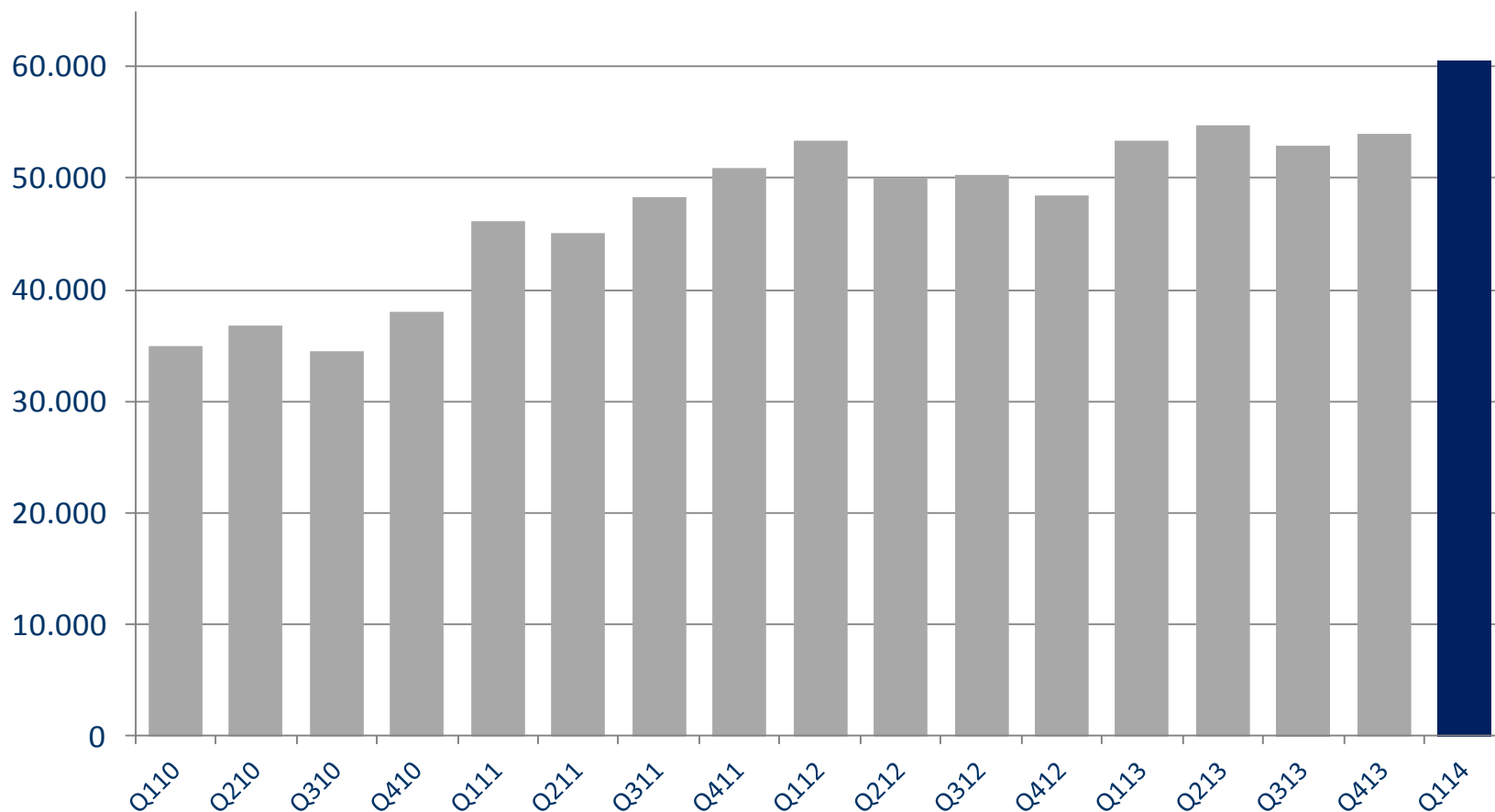
# COGS and gross margin

Cost of goods sold and gross margin (€ '000 / percent)



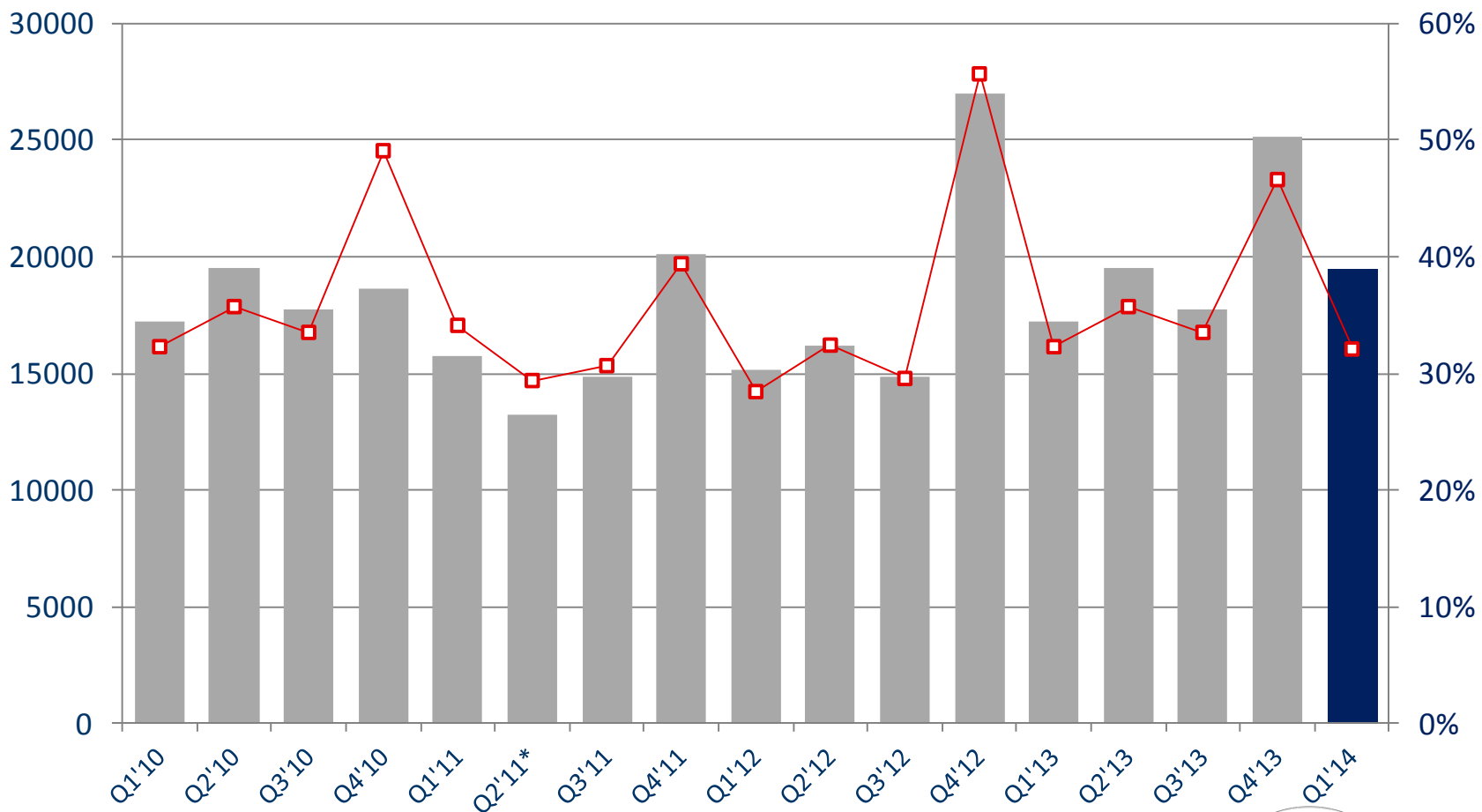
# Personnel expenses

€ '000



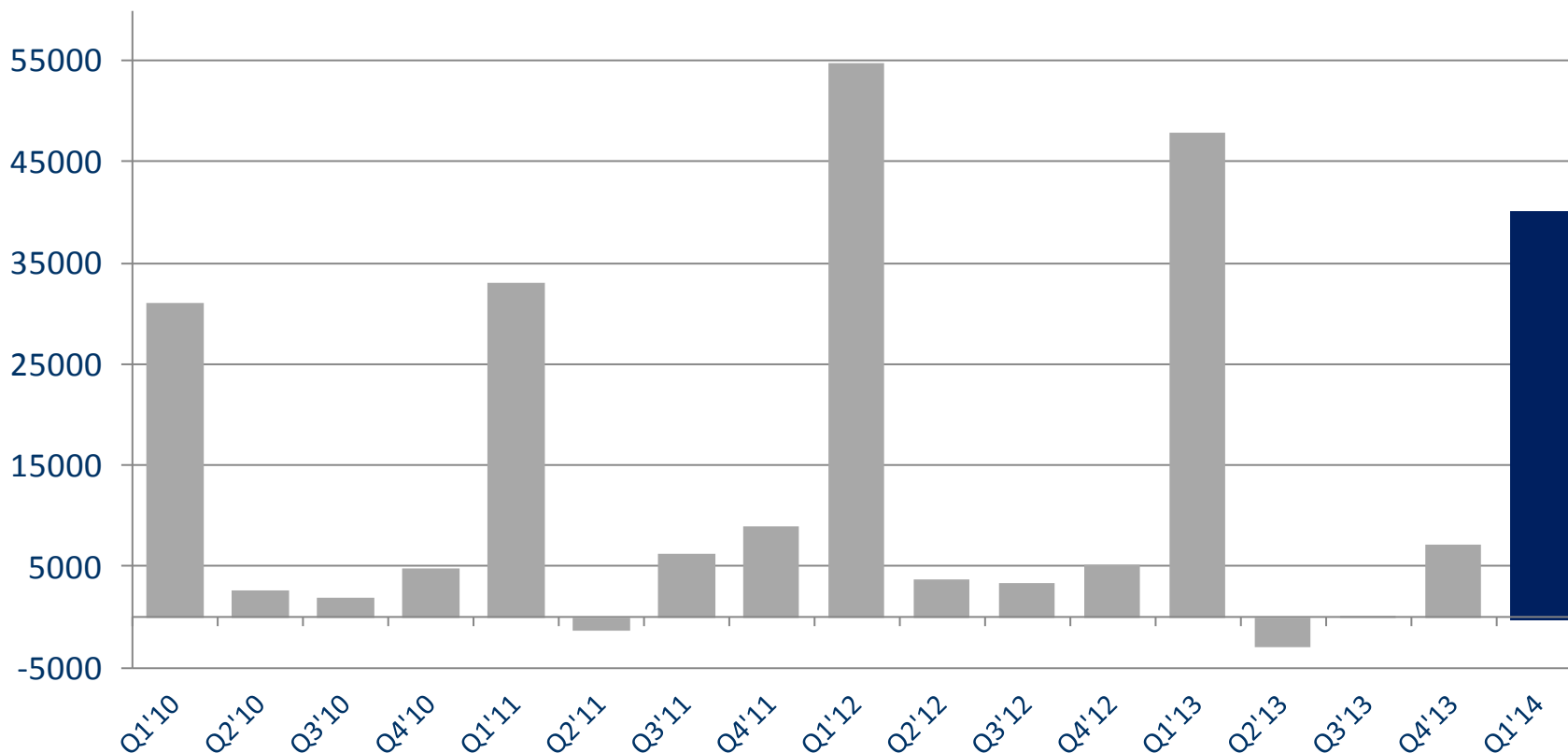
# Other expenses

Other expenses (€ '000) / percent of personnel expenses



# Operating cash flow

€ '000





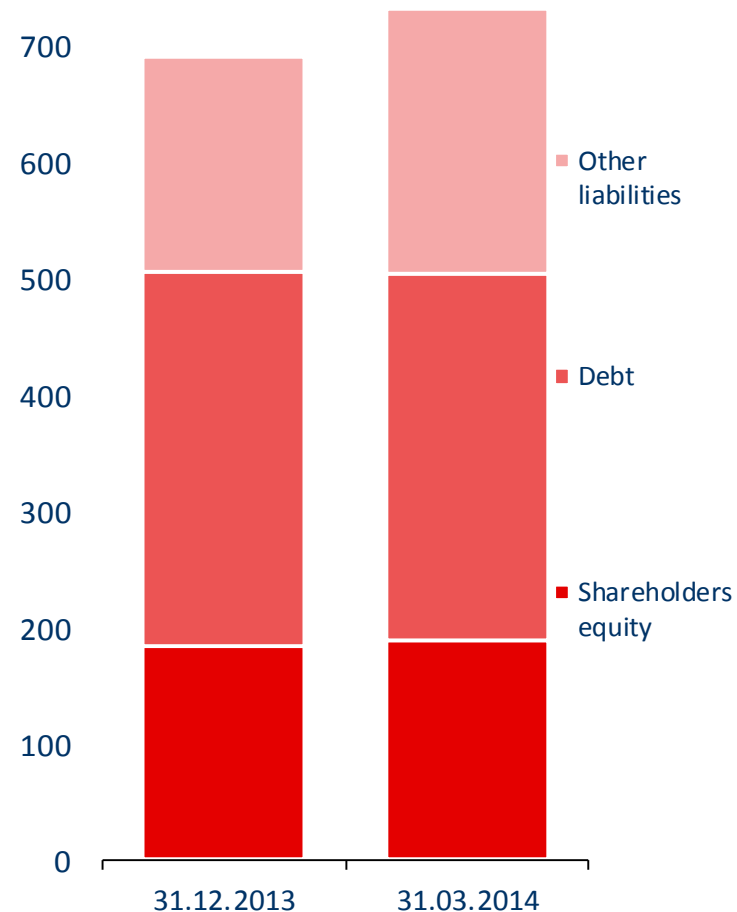
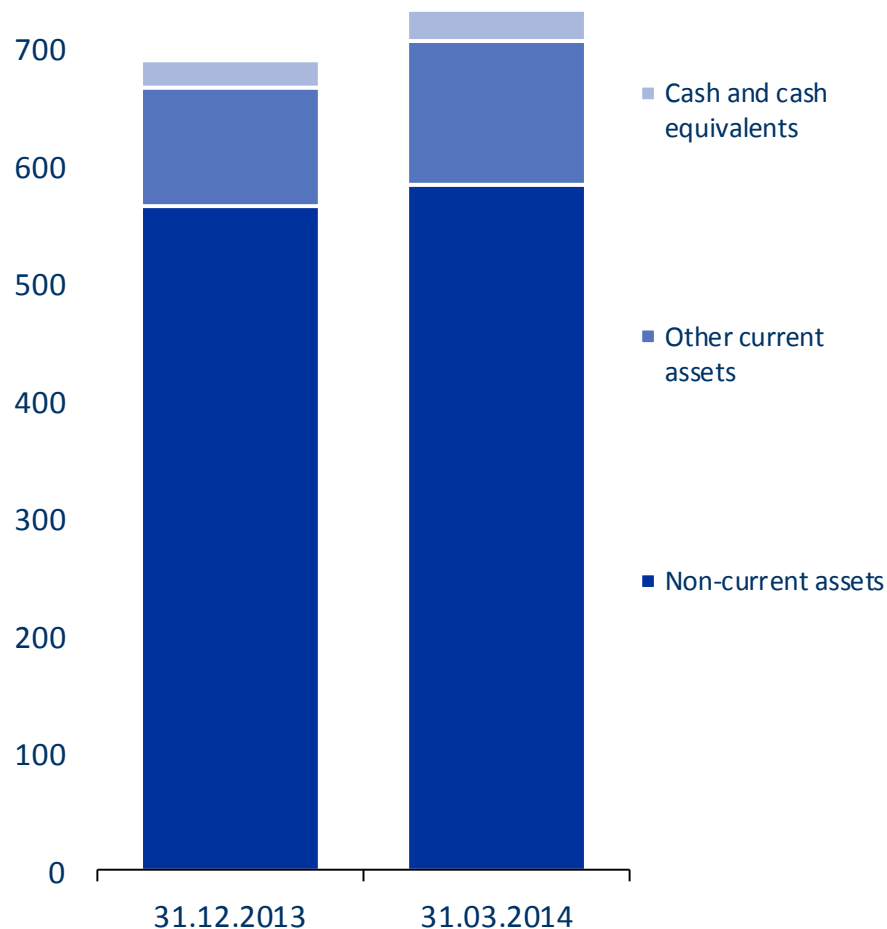
# Capital expenditure

€ M	Q1 2014
Company acquisitions (vision4health group)	23.6
Capitalized in-house services and other intangible assets	4.5
Office buildings and property	0.5
Other property and equipment	2.1
Sum	30.6

- Capitalized in-house services and other intangible assets include EUR 1.6 million in licenses and related services for a new Group-wide ERP/CRM system

# Statement of financial position

€ M



# Software for doctors

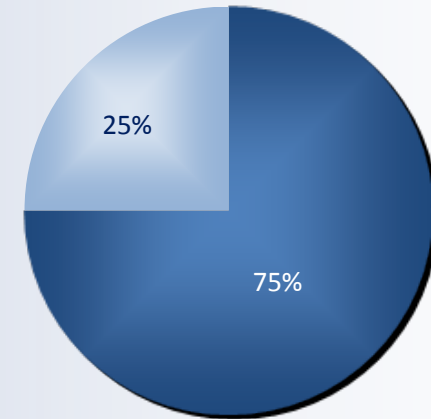


# Doctor software (AIS) development

## AIS revenue Q1 2014

100% = 72.0 € M

	€ M	%
Revenue Q1 2013	66.1	
Acquisitions	5.2	8%
Organic growth	0.7	1%
Revenue Q1 2014	72.0	9%

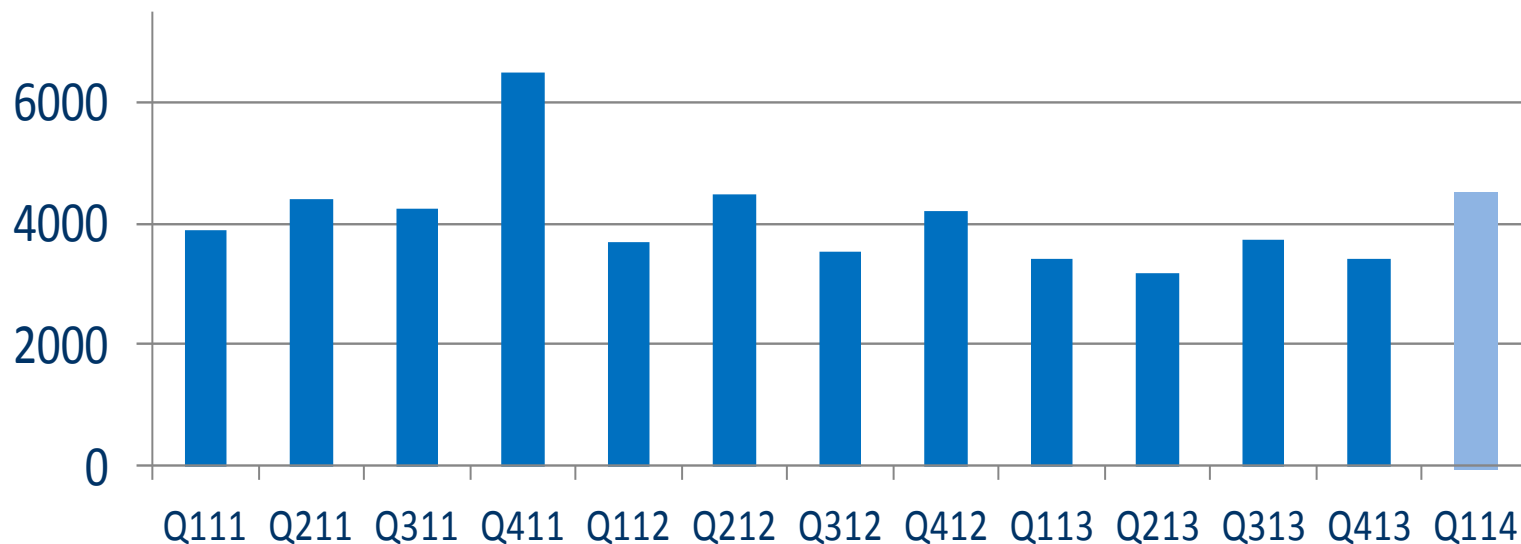


■ Recurring service fees ■ Non-recurring sales

- 1 percent organic growth, 3 percent at constant exchange rates
- 6 percent organic growth in Europe (constant exchange rates)
- Temporary decline in US revenue was expected due to a transition to a more subscription based business model and the ending of some legacy product lines

# US development – 1st quarter 2014

## Bookings (sales) per quarter in USA (USD t)



- In terms of sales and order bookings, the outcome in the first quarter 2014 showed a significant improvement and was over 30 percent higher than the same period last year
- CGM software solutions and services do meet the needs of the market very well
- CGM will continue to expand the direct sales force in the US throughout 2014

## Key elements of pilot project

- CGM contract value of EUR ~25 million (incl. KoCo Connector)
- All material deliveries in 2014 and 2015



## First quarter 2014

- The first 6 months of the project is a period of research and development
- The project is well under way to meet its objectives
- Real life testing of system components is estimated to begin in the third quarter 2014
- The official pilot period will most likely begin early 2015
- CGM has already recruited 180 doctors (out of approximately 500 required) to participate in the pilot
- The interest in the project from the provider side has been stronger than expected



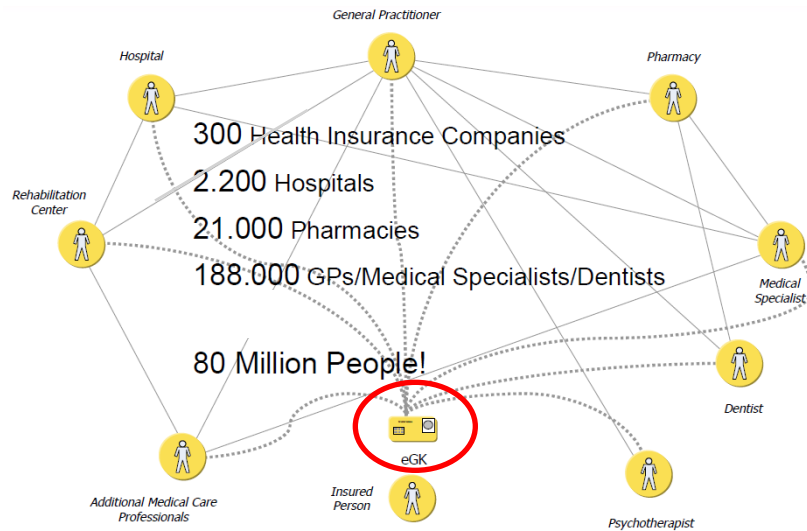
# The real upside comes with the full rollout (est. 2016)

**Opportunity for CGM to sell new eGK-compliant online access products to existing customers:**

- ~ 44.200 doctors offices / 69.400 doctors
- ~ 15.000 dentists offices / 19.800 dentists
- ~ 4 .000 pharmacies / 8.000 pharmacists
- ~ 100 hospitals
- ~ 300 rehabilitation centers
- ~ 550 social care institutions

**All CGM service partners will benefit from additional and specialized hardware and service business**

# The Telematics Infrastructure fits perfectly with CGMs strategy



- eServices
- ePrescriptions, eLabOrder, etc.
- Physician Networks
- Clinical Pathways
- Hosting
- Web-based personal health records (CGM Life)
- .....
- .....



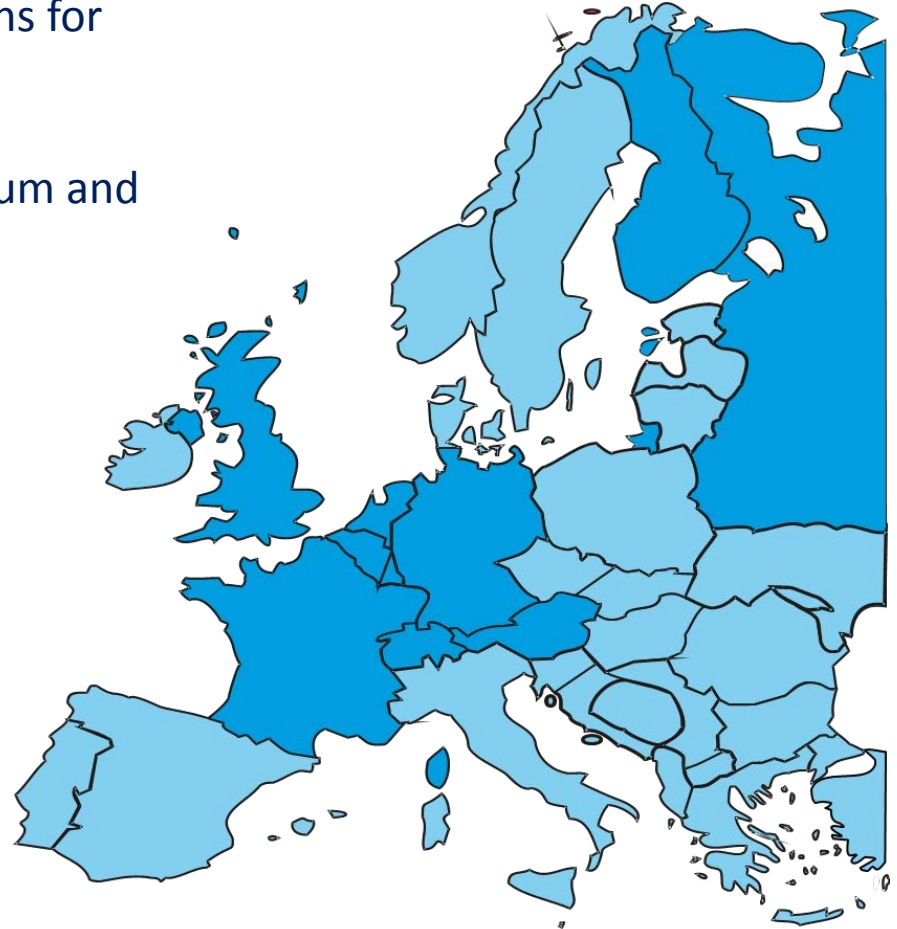
# January acquisition of Imagine Group

- “HelloDoc” is one of the best recognized software solutions for general practitioners, pediatricians and dentists in France
- The software is currently used by approximately 20,000 healthcare professionals.
- CGM doubles the market share among ambulatory doctors in France to approximately 40%



# January acquisition of vision4health Group

- A leading innovator in software solutions for laboratory and diagnostics in Europe
- Located in Germany, Switzerland, Belgium and France.
- More than 200 customer sites in:
  - Germany
  - Benelux
  - France
  - Switzerland
  - Austria
  - UK
  - Russia
  - Finland



# Software for pharmacies

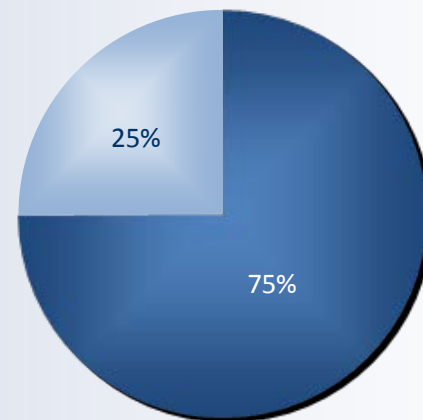


# Pharmacy software (PCS) development

## PCS revenue Q1 2014

100% = 18.2 € M

	€ M	%
Revenue Q1 2013	13.4	
Acquisitions	4.3	32%
Organic growth	0.5	4%
Revenue Q1 2014	18.2	36%



■ Recurring service fees    ■ Non-recurring sales

- Good first quarter with 4 percent organic growth in the established German market
- Further 32 percent growth contribution from the new companies in Italy which were acquired in July 2013
- Robust demand for system upgrades from the announcement from Microsoft to cease support for Windows XP and Office / Word 2003



# Software for hospitals

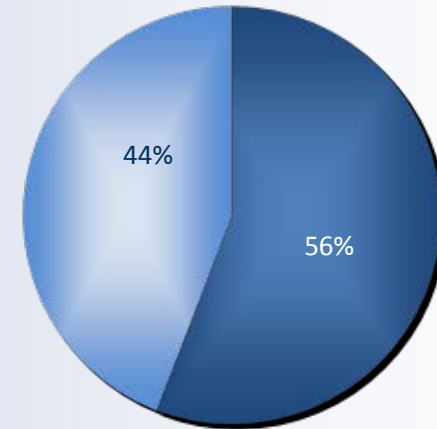


# Hospital software (HIS) development

## HIS revenue Q1 2014

100% = 19.3 € M

	€ M	%
Revenue Q1 2013	19.4	
Acquisitions		
Organic growth	-1.6	-8%
Revenue Q1 2014	17.8	-8%



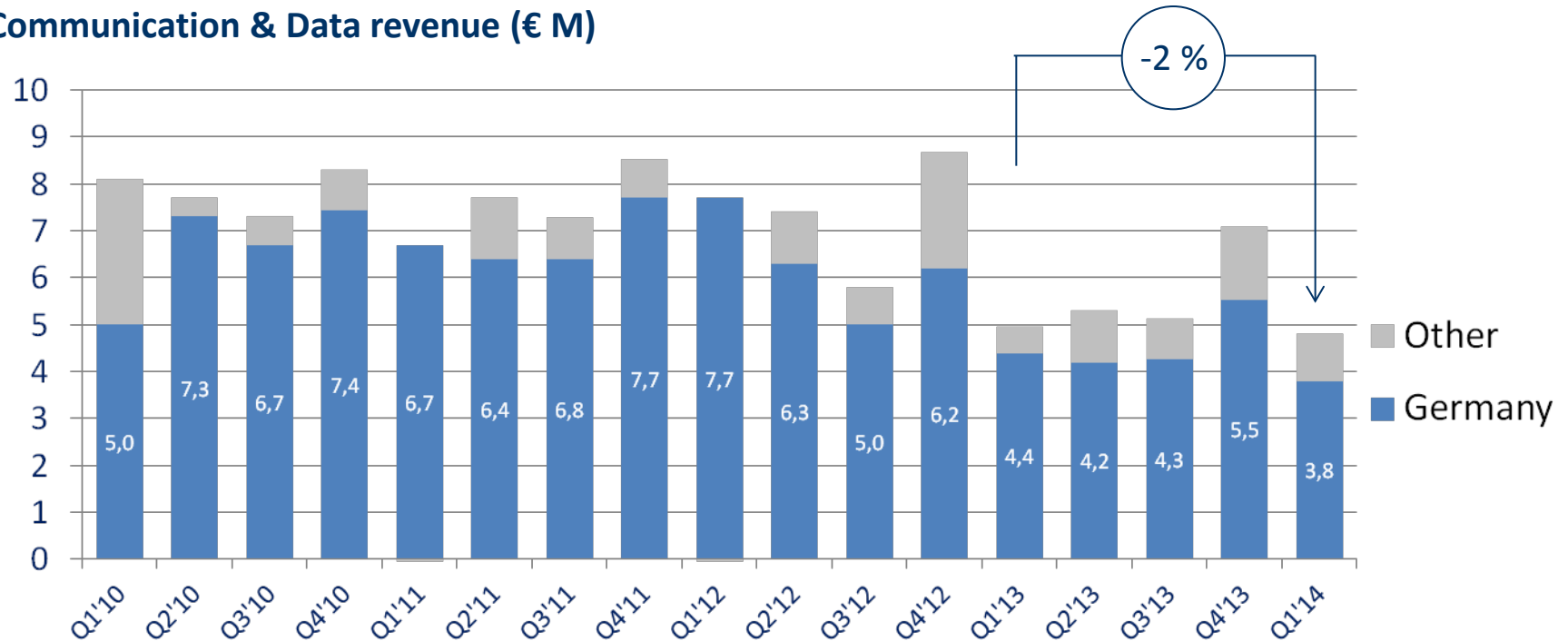
■ Recurring service fees

■ Non-recurring sales

- Austria and Switzerland had 4 percent organic growth and a positive start to the year
- In Germany, revenue contracted 12 percent year-on-year due to a significantly lower volume of license sales and low utilization of consulting staff
- The business in Poland also had 23 percent lower revenue than last year due to a period of lower activity in a large public-sector eHealth project. This was planned.

# Communication & Data development

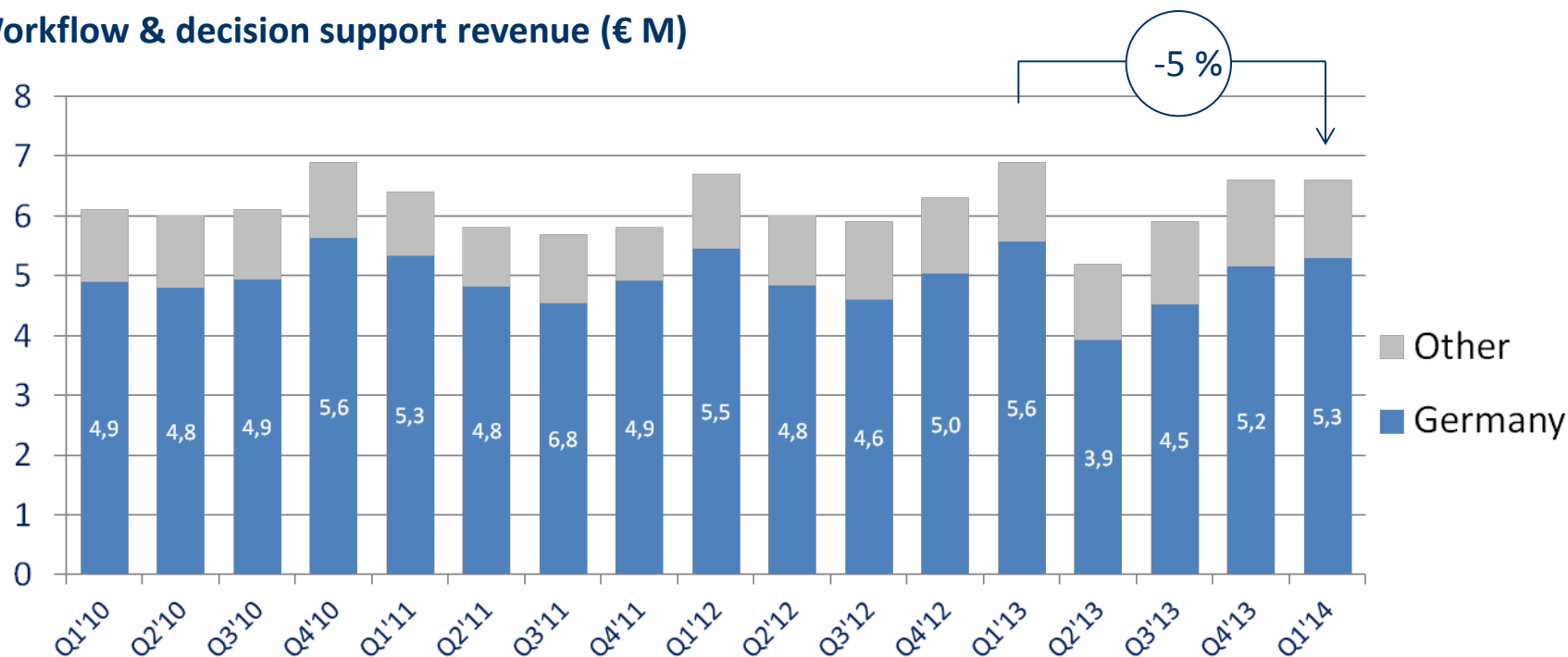
Communication & Data revenue (€ M)



- As expected, the revenue level in Communication & Data continues to decline also in 2014
- Net of revenue in eHealth Business Media (full year 2013 revenue consolidated in Q4), organic contraction was 9 percent

# Workflow & decision support development

Workflow & decision support revenue (€ M)



- Significant FX effect from claims processing in Turkey (-30% FX change y-o-y)
- maintenance of old administrative software applications for German insurance companies still running in the first quarter last year
- Positive development in the underlying business



## Expected developments

- Expected full year AIS revenue remains unchanged at EUR 294 million to EUR 300 million. Directionally, revenue may also exceed the high end of the range
- Expected full year PCS revenue remains unchanged at EUR 73 million to EUR 74 million
- Expected full-year HIS revenue remains unchanged at EUR 80 million to EUR 82 million. Directionally, revenue may also fall short of the low end of the range
- Expected full year C&D revenue remains unchanged at approximately EUR 21 million
- Expected full year W&DS revenue remains unchanged at EUR 26 million to EUR 27 million
- Expected full year ISP revenue remains unchanged at approximately EUR 16 million

# Guidance 2014 reaffirmed

- CompuGroup Medical reaffirms the outlook for 2014 presented in the 2013 Annual Report
  - Revenue is expected to be in the range of EUR 510 million to EUR 520 million
  - Operating income (EBITDA) is expected to be in the range of EUR 100 million to EUR 110 million
- The guidance for 2014 represents management's best estimate of the market conditions that will exist in 2014 and how the business segments of CompuGroup Medical will perform in this environment
- The guidance does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2014

# Financial calendar 2014

Date	Event
May 8, 2014	Interim report Q1 2014
May 14, 2014	Annual general meeting 2014, Koblenz
August 7, 2014	Interim report Q2 2014
October 9, 2014	Analyst conference („CGM eHealth summit“)
November 12, 2014	Interim report Q3 2014

## Q&A session

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If you would like to raise questions, please press **\*1** on your telephone

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