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# Synchronizing Healthcare

3rd quarter 2015 – Conference Call

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05 November, 2015



# Key figures third quarter 2015

€ M	Q3 15	Q3 14	Change	2014
Revenue	125.7	125.8	0%	515.1
EBITDA	20.8	23.2	-10%	96.7
EBIT	10.6	13.1		53.9
EBT	6.0	14.5		44.5
Net income	4.9	10.7		24.1
EPS (€)	0.10	0.21		0.53
Cash net income*	13.0	18.0		55.8
Cash net income per share (€)	0.26	0.36		1.12

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

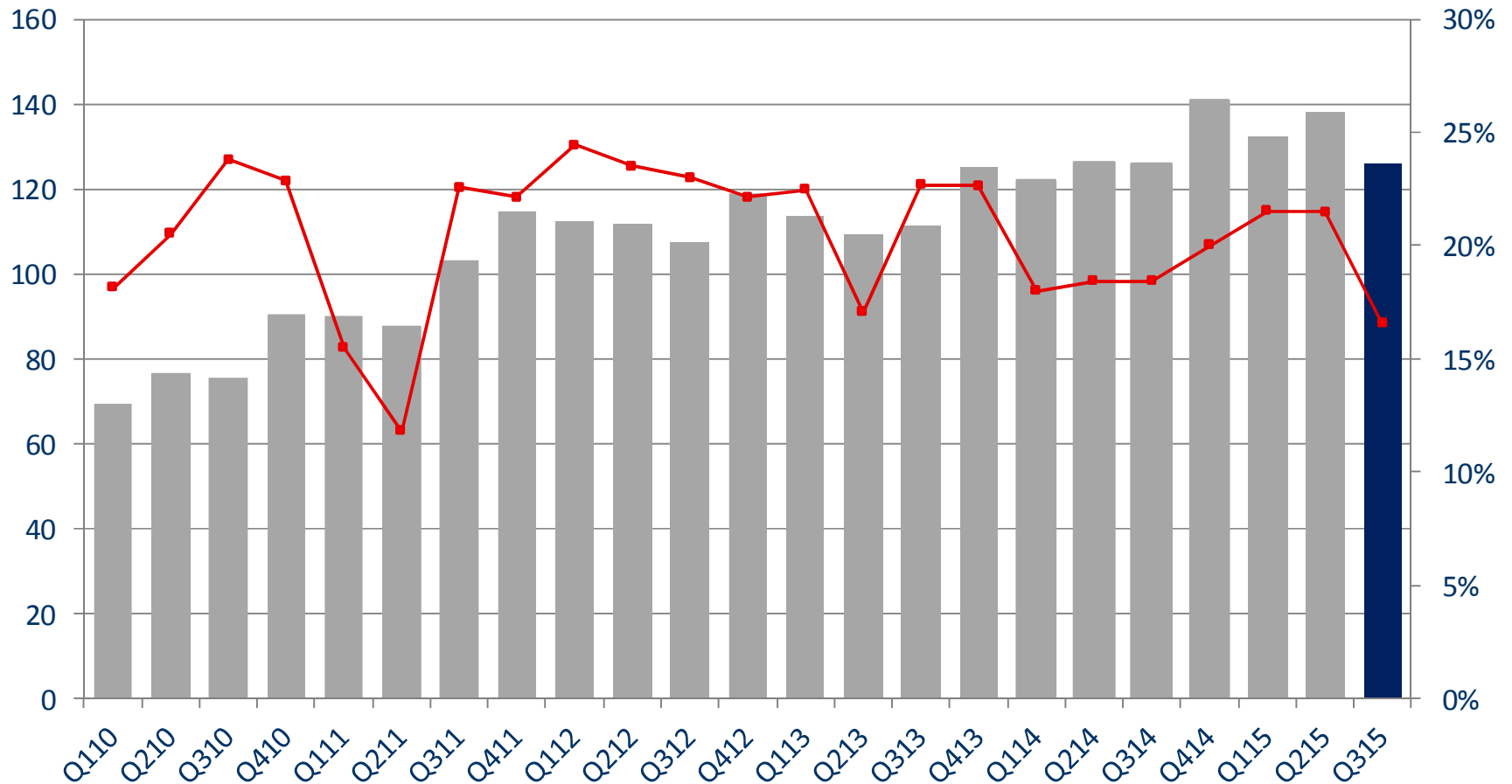
## Third quarter 2015 special effects

€ M

	Gematik project		HIS projects		Group	
	3Q 2015	3Q 2014	3Q 2015	3Q 2014	3Q 2015	3Q 2014
Revenue	-1.5	2.7	-3.5	-	-5.0	2.7
EBITDA	-6.5	0.5	-1.5	-	-8.0	0.5

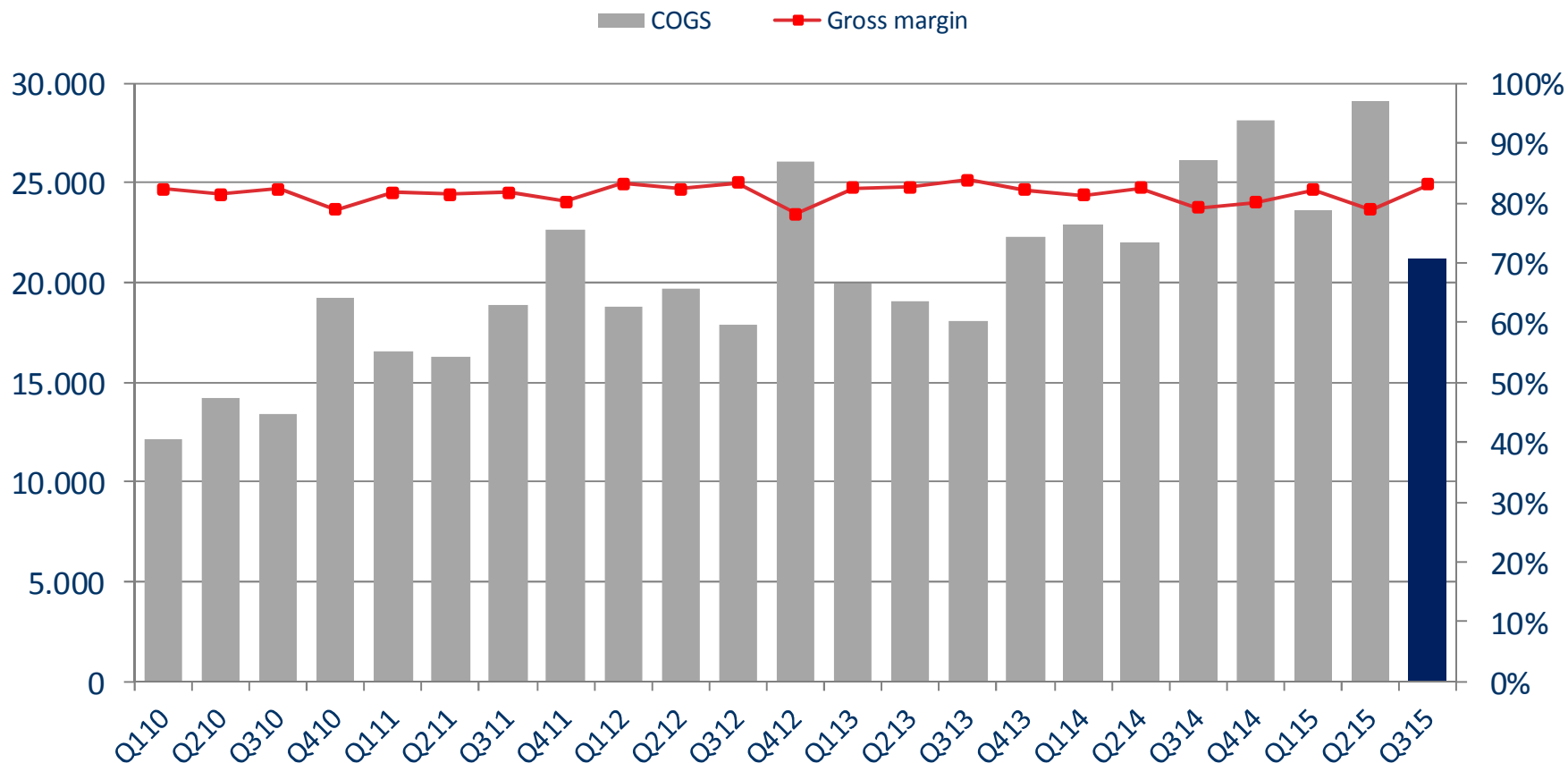
# 2010 – 2015 per quarter

Revenue (€ M) / profitability (EBITDA%)



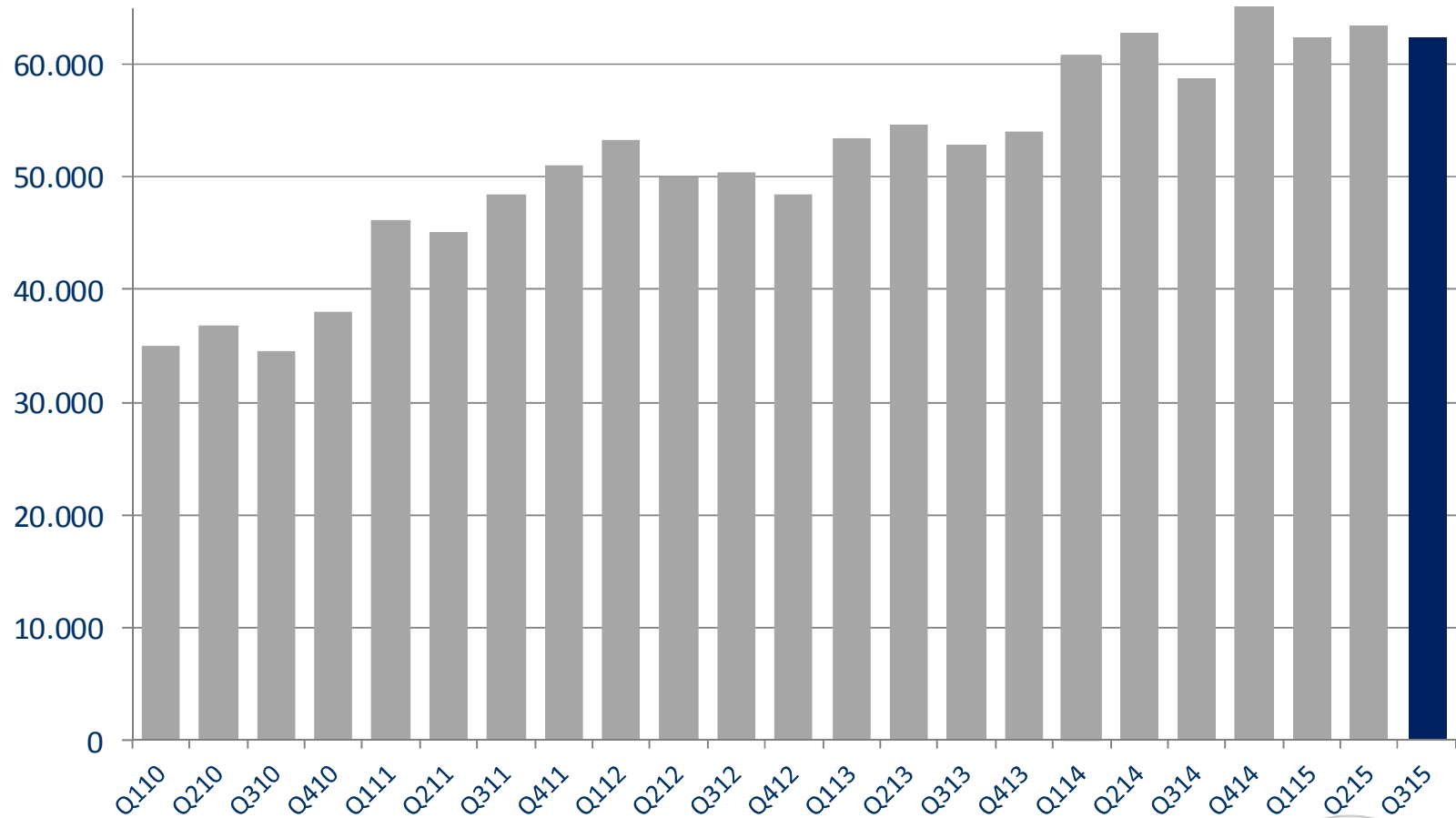
# COGS and gross margin

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



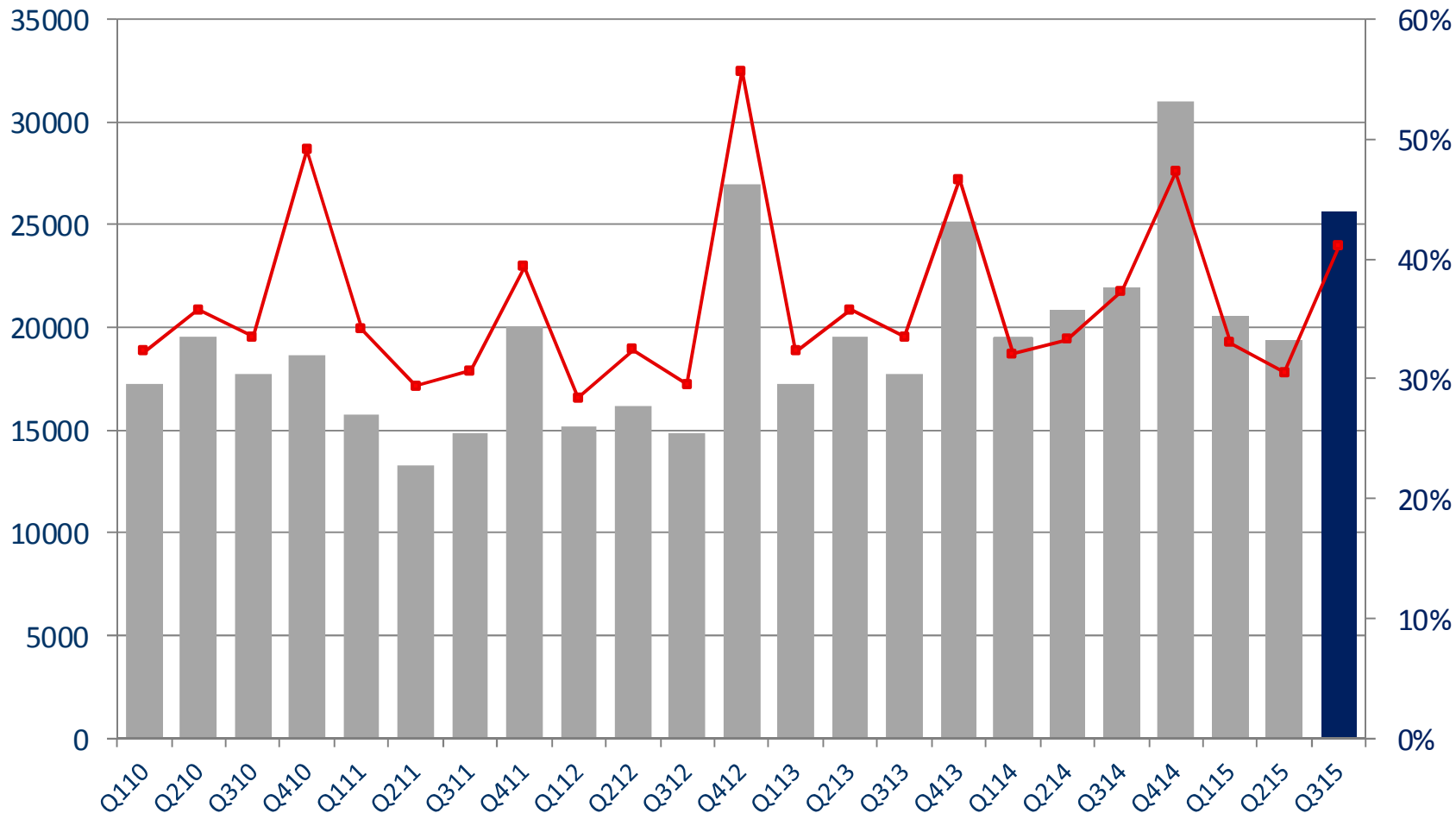
# Personnel expenses

€ '000



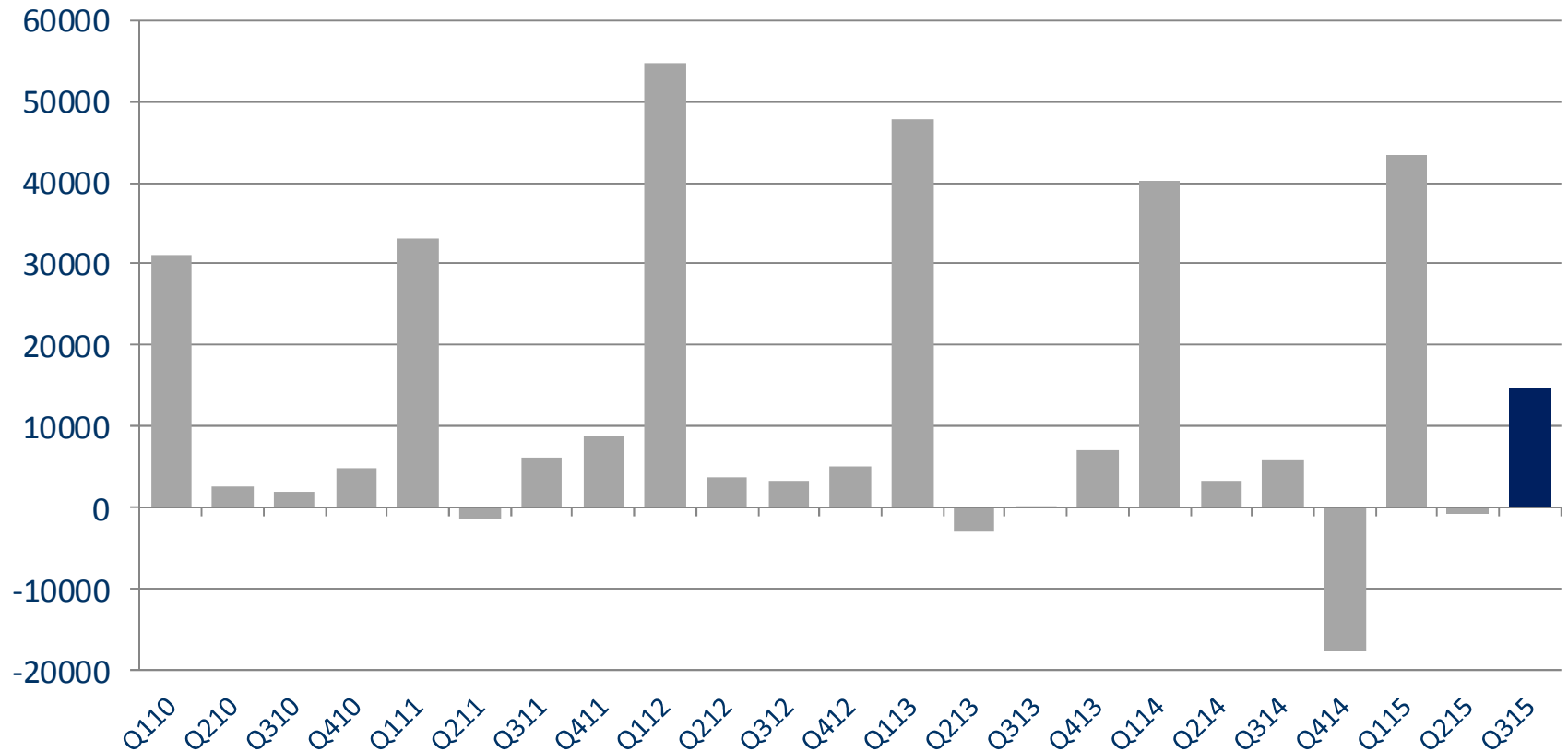
# Other expenses

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



# Operating cash flow

€ '000



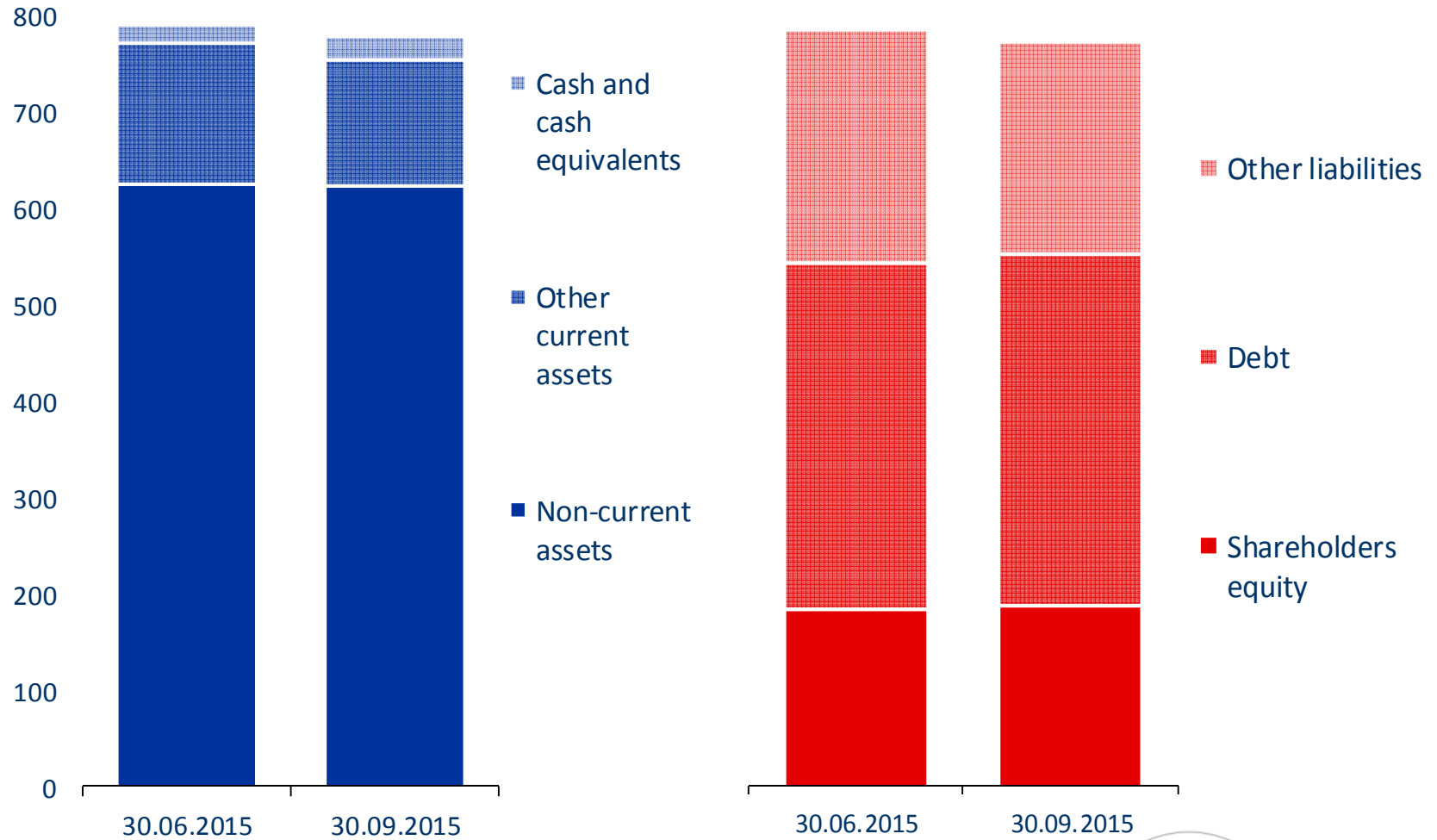


# Capital expenditure

€ M	Q3 2015
Company acquisitions	-3.6
Purchase of minority interest and past acquisitions	-1.1
Disposal of subsidiaries	0.0
Capitalized in-house services and other intangible assets	-2.9
Capital expenditure in joint ventures	-2.5
Office building and property	-0.1
Other property and equipment	-1.8
<b>Sum</b>	<b>-12.0</b>

# Statement of financial position

€ M



# Software for doctors

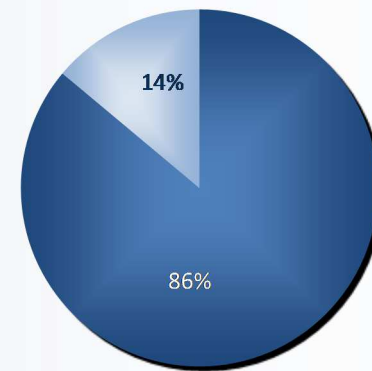


# Doctor software development

## AIS revenue Q3 2015

100% = 75.1 € M

	€ M	%
Revenue Q3 2014	71.2	
Acquisitions	4.0	6%
Organic growth	-0.1	-
Revenue Q3 2015	75.1	6%



■ Recurring service fees ■ Non-recurring sales

- Outside the Gematik pilot project, the AIS business had 4 percent organic growth (3 percent at constant exchange rates)
- Continued positive development in the United States with year-on-year growth in local currency

# Telematics Infrastructure pilot project (AIS)

- Extremely challenging original timeline
- Changing specifications under way (design freeze in August 2014 vs January 2014 as originally planned)
- Parallel finalization of security profiles (by the Federal Office for Information Security - BSI)
- Interdependencies between all 9 ongoing projects (ORS-1, G2 Cards and scientific evaluation)
- Organizational changes



## Third quarter 2015 one-off adjustments:

- Reported revenue EUR -1.0 million (Q3 2014: +2.0 million)
- Reported EBITDA EUR -2.9 million (Q3 2014: 0.0 million)

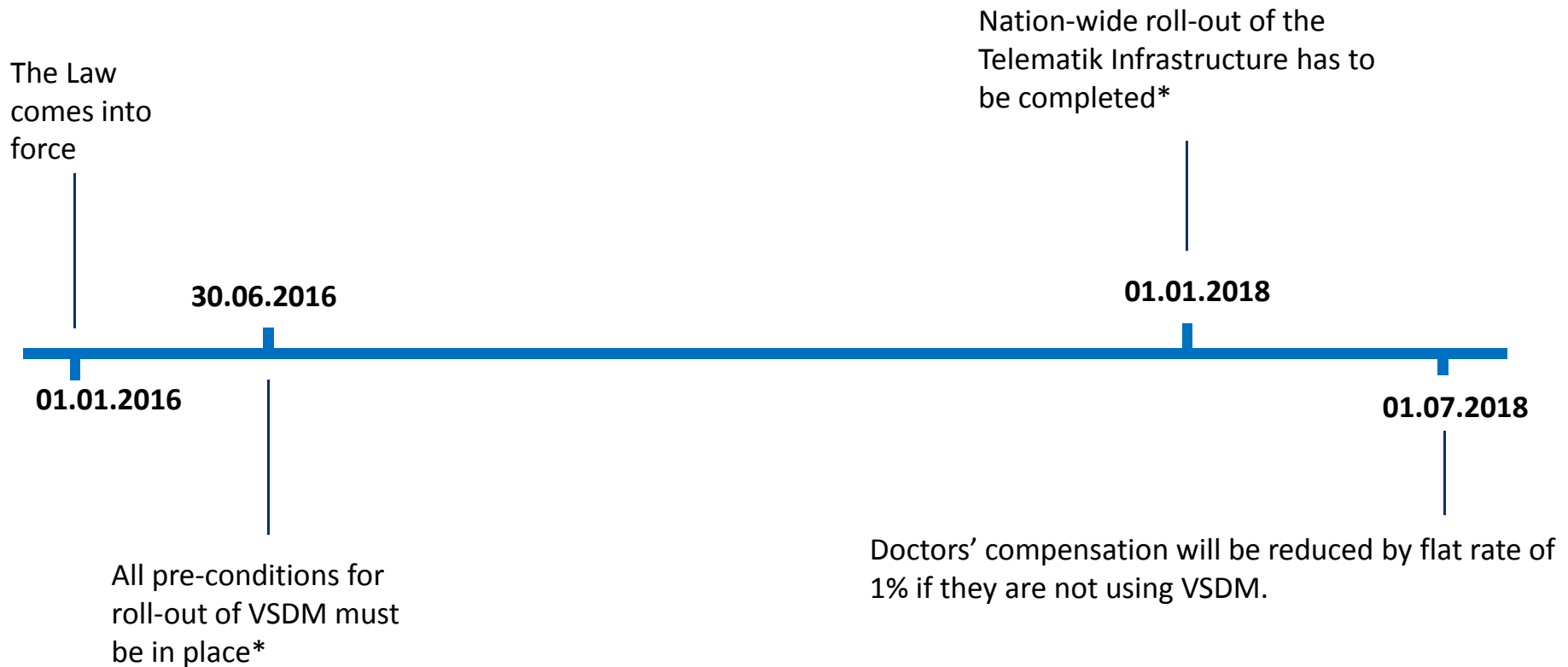
## Current planning (no change to analyst conference 9<sup>th</sup> October):

- Certification to be completed Q1 2016
- Sufficient field testing (>80%) to be completed by 30 June 2016

# The German eHealth Law –final steps

- November 4<sup>th</sup> : Public hearing in the health committee of the Bundestag
  - Broad-based support for the bill and the Telematics Infrastructure (except for the opposition Left party)
  - Invited expert speakers praised in their opinions the "dynamics" created by the deadlines and sanctions in the bill, and pointed out that without such mechanisms, the long-term preparations to date have been expensive and with modest results
  - A significant part of the hearing was dedicated to the topic of a Personal Health Record for German citizens, i.e. a key future service in the Telematics Infrastructure which is not yet included in the bill
- December 3<sup>rd</sup> : „Zweite und Dritte Lesung“ – the bill gets voted in the Bundestag
  - The current coalition has enough majority to pass the bill
  - In the current draft, it is written that the law will come into effect 1 January 2016

# Rollout timeline in the draft bill



\* If the deadline is not met, from 2017 on the expenditure in the budgets of the GKV SpiBu and the KBV must not exceed the expenditure of 2014 minus 1% each year until the action is performed (1% = app. 100 mio €)

# CGM rollout numbers

## Opportunity for CGM to sell new eGK-compliant online access products, in particular to existing customers

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

## OEM packages will be offered to other IT vendors

### Estimated revenue per location

- Doctors: €2,000 – 4,000 (initial), €600 – 800 (annual)\*
- Hospitals: €100k – 300k (initial), €15k – 45k (annual)

\* DSL line, Konnektor service fee and software maintenance for integration module



# Potential additional products and services

Nr.	Product / Service	Customer / User	Source
1	Elektronischer Entlassbrief	Krankenhaus	eHealth Law
2	Konsiliarische Befundbeurteilung	Ärzte	eHealth Law
3	Notfalldatensatz	Zahnärzte	eHealth Law
4	Arzneimitteltherapiesicherheit (AMTS)	Ärzte / Apotheke	eHealth Law
5	Medikationsplan	Ärzte / Apotheke	eHealth Law
6	Sicher Übermittlung elektronischer Briefe	Ärzte / Krankenhaus	eHealth Law
7	Organspendeausweis	Krankenhaus	gematik
8	Elektronische Fallakte	Ärzte / Krankenhaus	gematik
9	Elektronisches Patientenfach	Ärzte / Krankenhaus	gematik
10	Elektronische Patienttenquittung	Ärzte / Krankenhaus / Zahnärzte	gematik
11	Fachdienst VSDM	Telematik Infrastruktur	gematik
12	VPN-Zugangsdienst	Telematik Infrastruktur	gematik
13	Patientenverfügung	Ärzte / Krankenhaus	CGM
14	Impfstatus und Impfplanung	Ärzte	CGM
15	Zahnstatus	Zahnärzte	CGM
16	Ernährungsplan	Ärzte	CGM
17	Elektronische Patientenakte	Ärzte / Krankenhaus	CGM

# Software for pharmacies

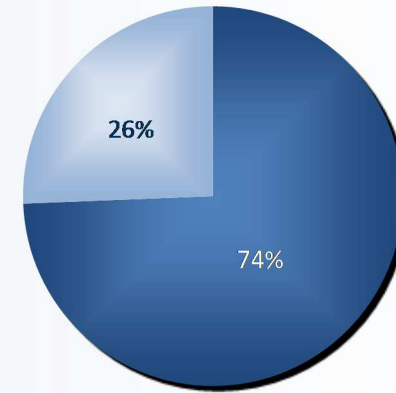


# Pharmacy software development

## PCS revenue Q3 2015

100% = 21.7 € M

	€ M	%
Revenue Q3 2014	21.3	
Acquisitions	1.6	8%
Organic growth	-1.2	-6%
Revenue Q3 2015	21.7	2%



■ Recurring service fees    ■ Non-recurring sales

- Special seasonality in 2014 with 15 percent organic growth in the 3<sup>rd</sup> quarter, driven by exceptional demand for system upgrades from the announcement from Microsoft to cease support for Windows XP and Office 2003
- Year to date, pharmacy software business has flat organic development and is on track to reach its full-year targets (2 - 4% organic growth)

# Software for hospitals

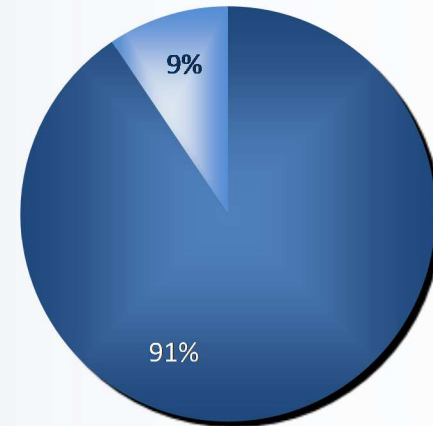


# Hospital software development

## HIS revenue Q3 2015

100% = 14.4 € M

	€ M	%
Revenue Q3 2014	19.5	
Divestitures	-1,4	-7%
Organic contraction	-3.7	-19%
Revenue Q3 2015	14.4	-26%

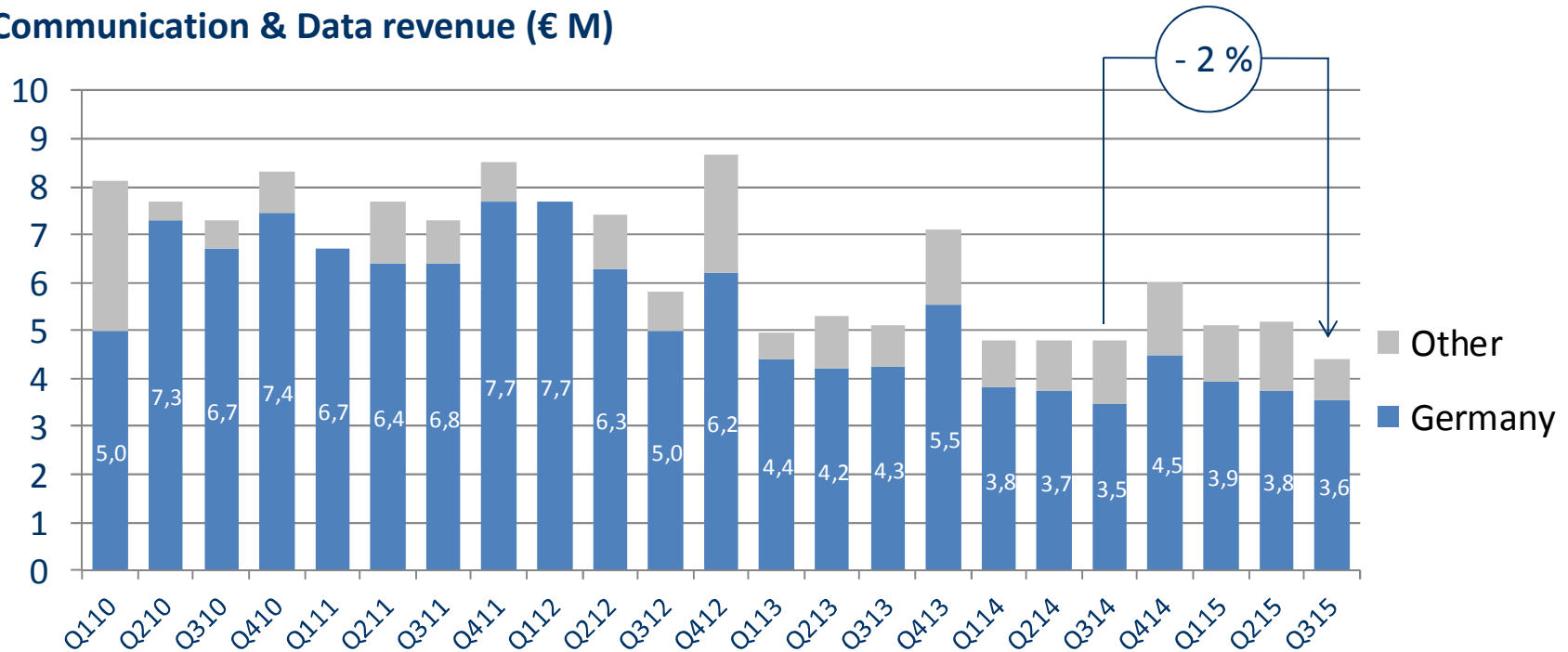


■ Recurring service fees ■ Non-recurring sales

- Additional costs and delays in projects in Poland and Switzerland have resulted in revenue adjustments and the booking of cost provisions in the third quarter
- The weak revenue development is due to one-off project adjustments made in the third quarter only and the full year outlook for the hospital business remains unchanged (flat organic year-on-year development)

# Communication & Data development

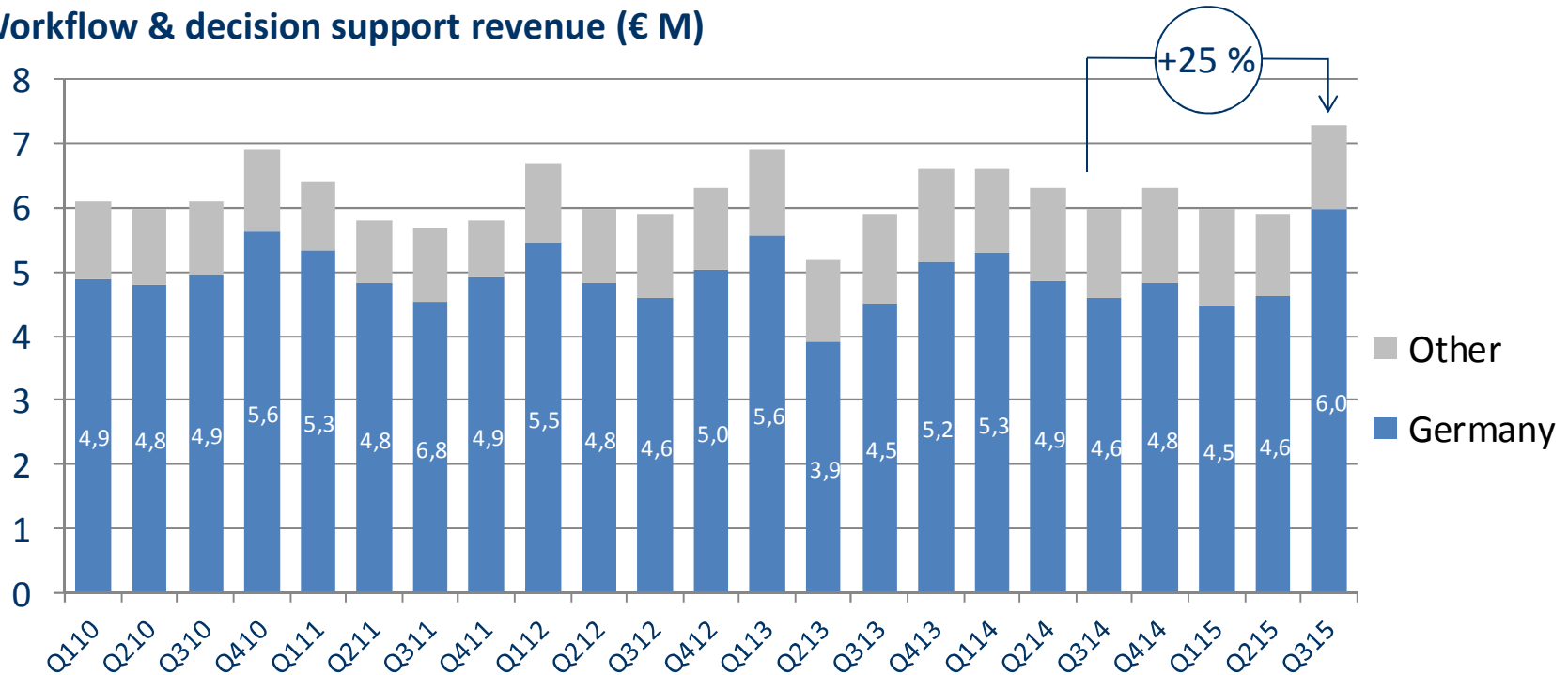
Communication & Data revenue (€ M)



- Communication & Data shows -2 percent organic growth for the third quarter (year to date: 4 percent organic growth). Somewhat weaker outside Germany over the summer months
- The Communication & Data business is on track to reach its full-year targets (positive organic growth)

# Workflow & decision support development

Workflow & decision support revenue (€ M)



- New service contracts are coming on stream, e. g. new CardTrust contracts beginning August 2015
- New projects with health insurance companies also begin to generate revenue second half 2015. These projects will also run in 2016

# Telematics Infrastructure pilot project (ISP)

- One of the key hardware components to be developed and delivered by the CGM consortium in the pilot project, the so-called 'Konnektor' router, has been delivered in the required quantities to the project customer
- The estimated cost of developing, testing and certifying the Konnektor has increased EUR 6 million compared to the initial plan
- This necessitates third quarter 2015 one-off adjustments:
  - Reported revenue EUR -0.5 million (Q3 2014: +0.7 million)
  - Reported EBITDA EUR -3.6 million (Q3 2014: 0.5 million)



CompuGroup  
Medical



**strategy&**

Formerly Booz & Company





# Guidance 2015 adjusted

- Change in Gematik project assumptions for 2015
  - Revenue minus EUR 10 million
  - EBITDA minus EUR 8 million
- Guidance range midpoints adjusted accordingly
- CompuGroup Medical offers the following adjusted guidance for 2015:
  - Revenue is expected to be in the range of EUR 541 million to EUR 546 million
  - Operating income (EBITDA) is expected to be in the range of EUR 110 million to EUR 115 million
- The guidance for 2015 represents management's best estimate of the market conditions that will exist in 2015 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 2015

# Implicit Q4 2015 guidance

€ M	Q4 15 High	Q4 15 Low	Q4 14
Revenue	150	145	141
EBITDA	36	31	29
%	24%	21%	21%

# Financial calendar 2015/2016

Date	Event
November 5, 2015	Interim report Q3 2015
February 4, 2016	Preliminary Q4/Full Year Report 2015
March 31, 2016	Annual Report 2015
May 4, 2016	Interim Report Q1 2016
May 18, 2016	Annual General Shareholder Meeting
August 4, 2016	Interim Report Q2 2016
October 12, 2016	Investor- and Analyst Conference
November 9, 2016	Interim Report Q3 2016

## Q&A session

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

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