

---

# Synchronizing Healthcare

3rd quarter 2014 – Conference Call

Christian B. Teig, CFO

12 November, 2014



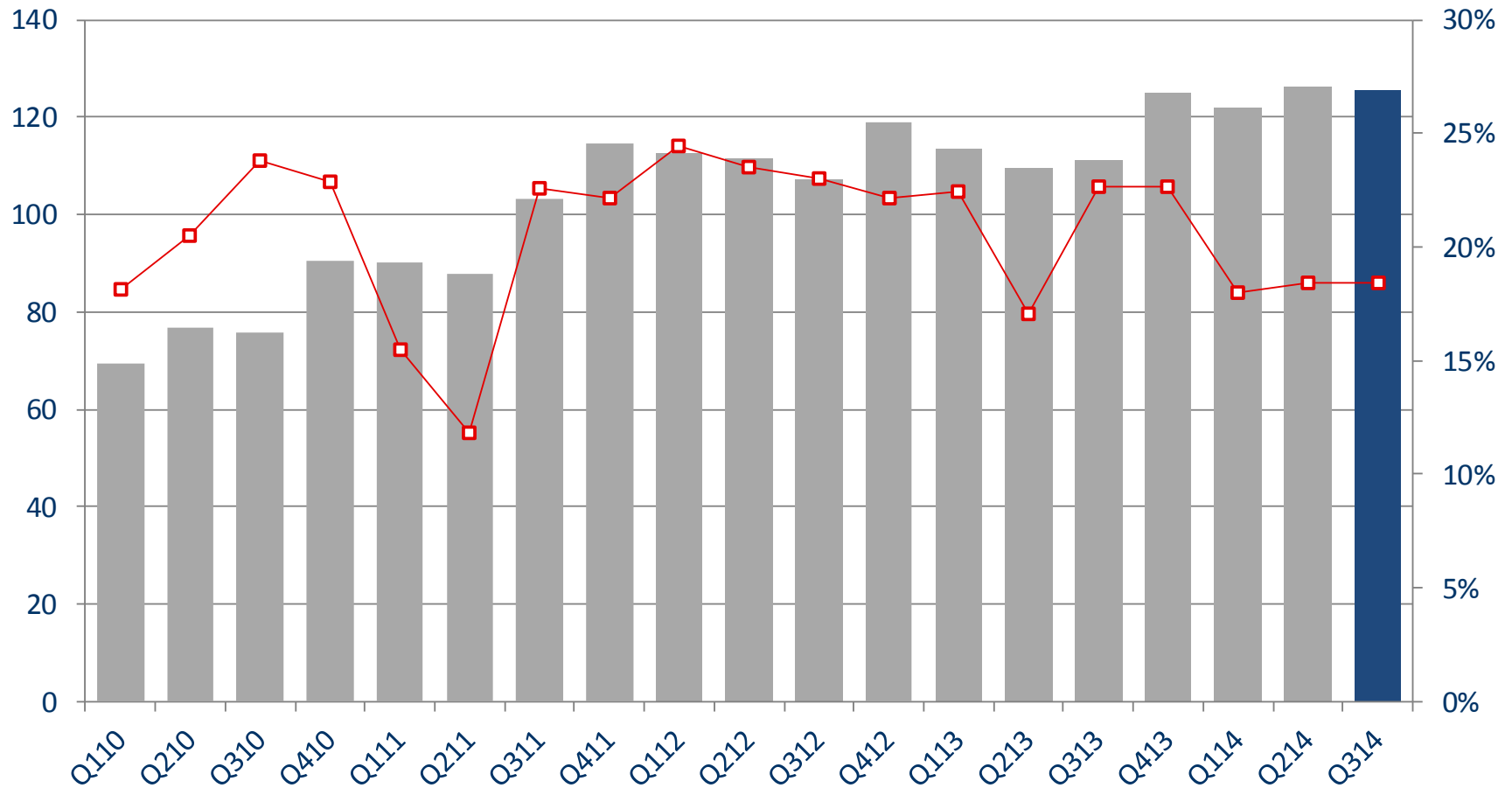
# Key figures third quarter 2014

€ M	Q3 14	Q3 13	Change	2013
Revenue	125.8	111.4	13%	459.6
EBITDA	23.2	25.3	-8%	97.8
EBIT	13.1	15.4		56.8
EBT	14.5	9.3		35.2
Net income	10.7	5.4		22.2
EPS (€)	0.21	0.11		0.48
Cash net income*	18.0	12.4		51.7
Cash net income per share (€)	0.36	0.25		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%)

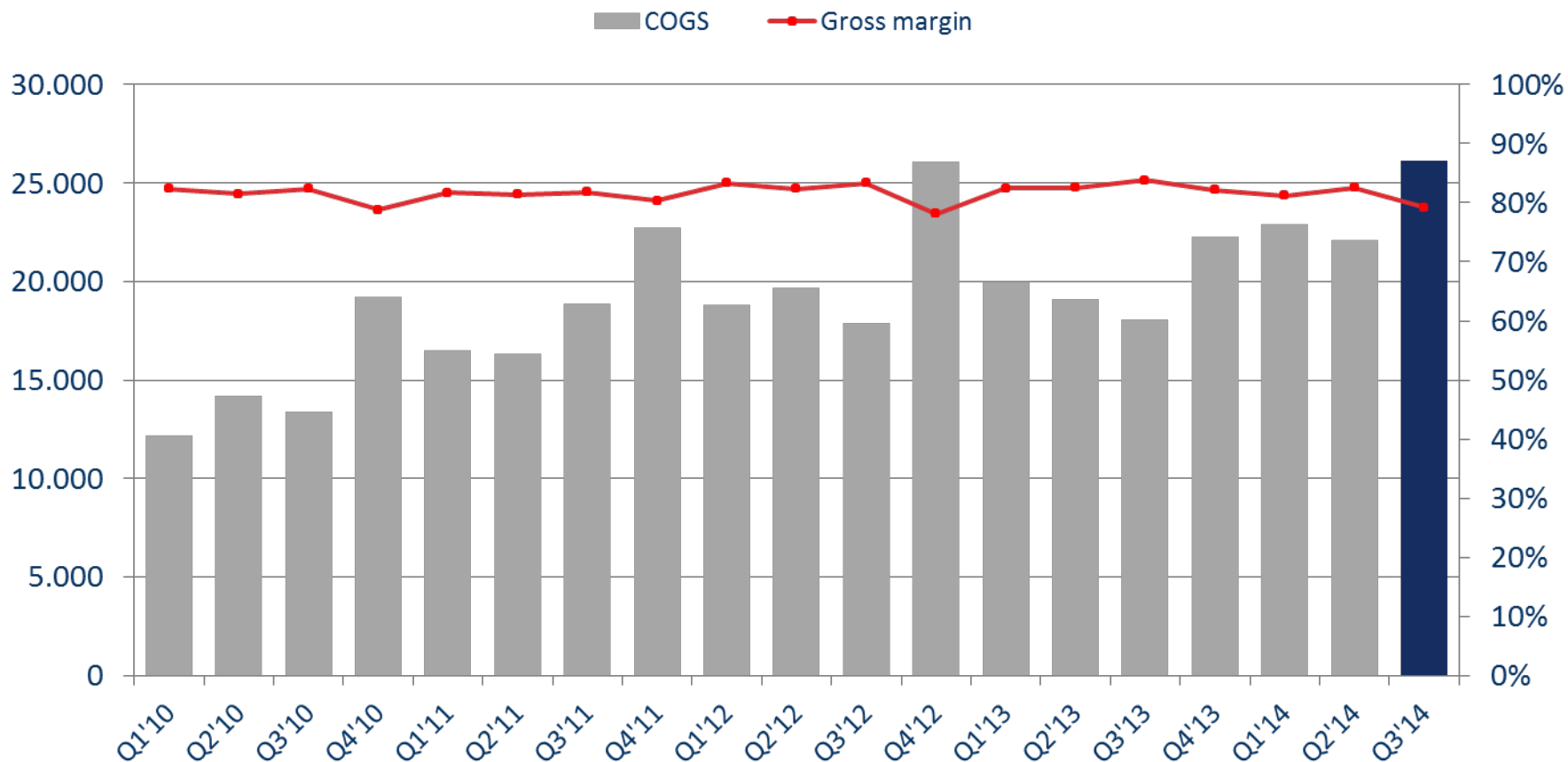


# Operating margin Q3 2014

- Planned special initiatives in 2014
  - Integration and restructuring 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

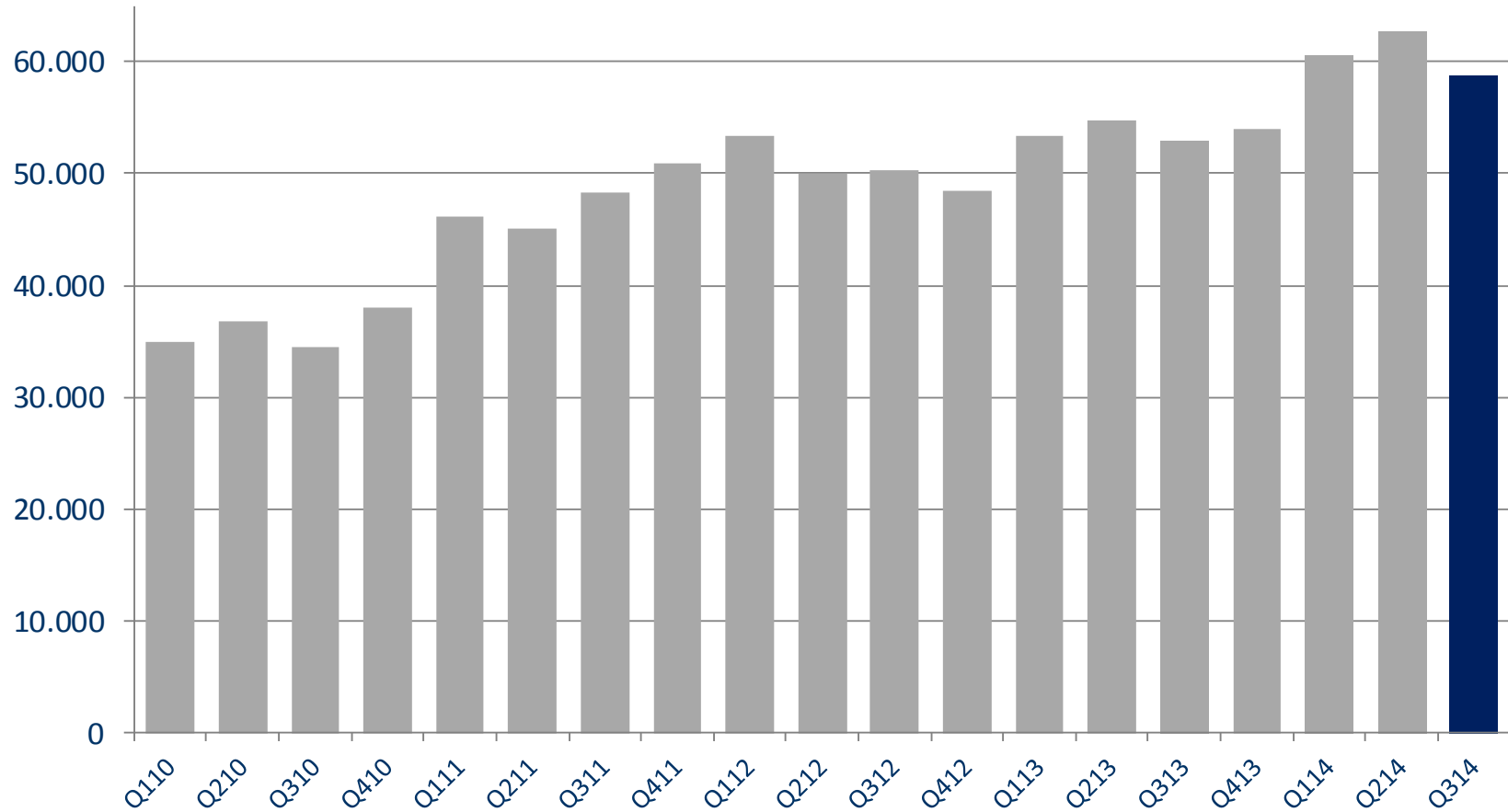
# COGS and gross margin

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



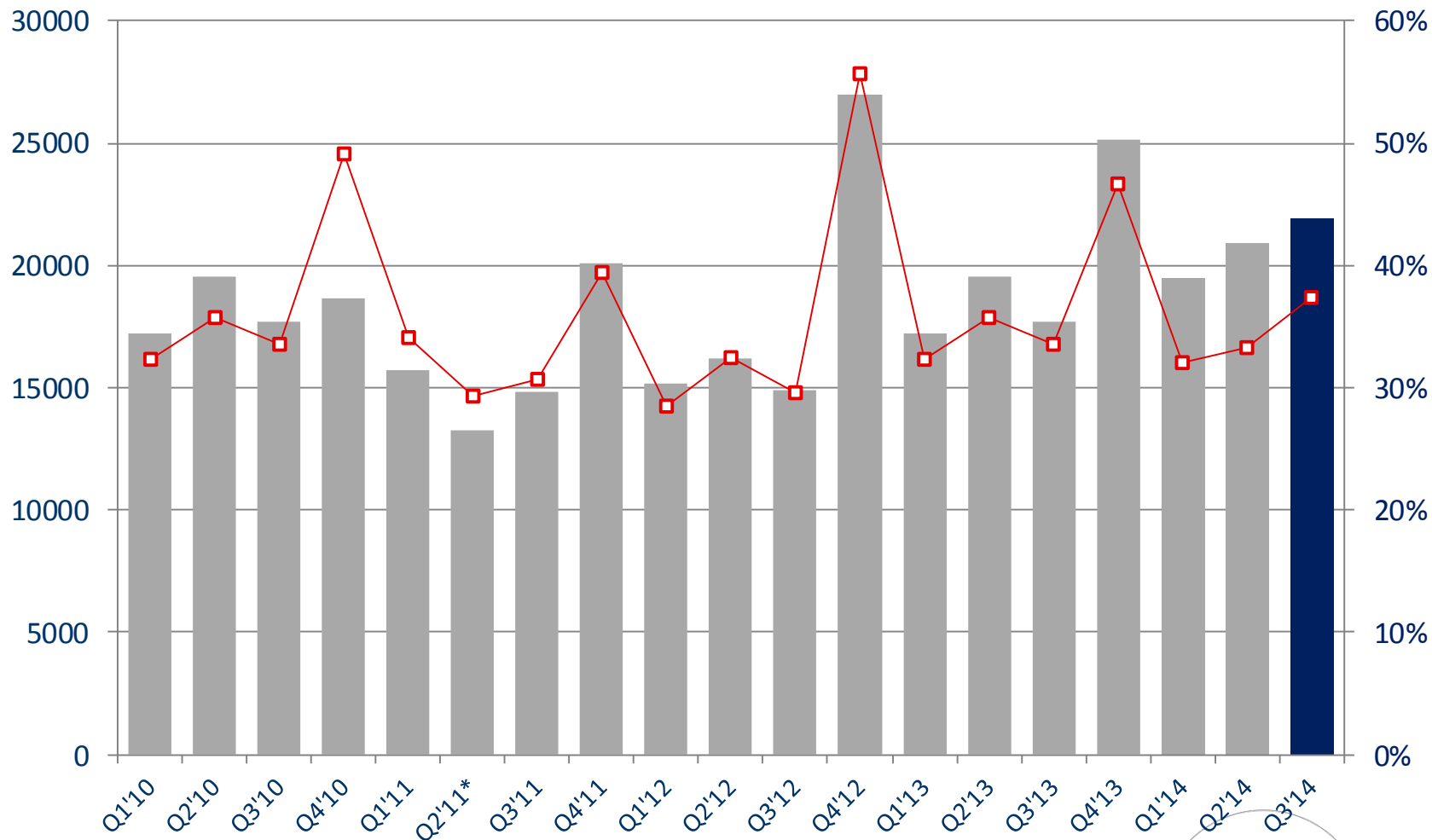
# Personnel expenses

€ '000



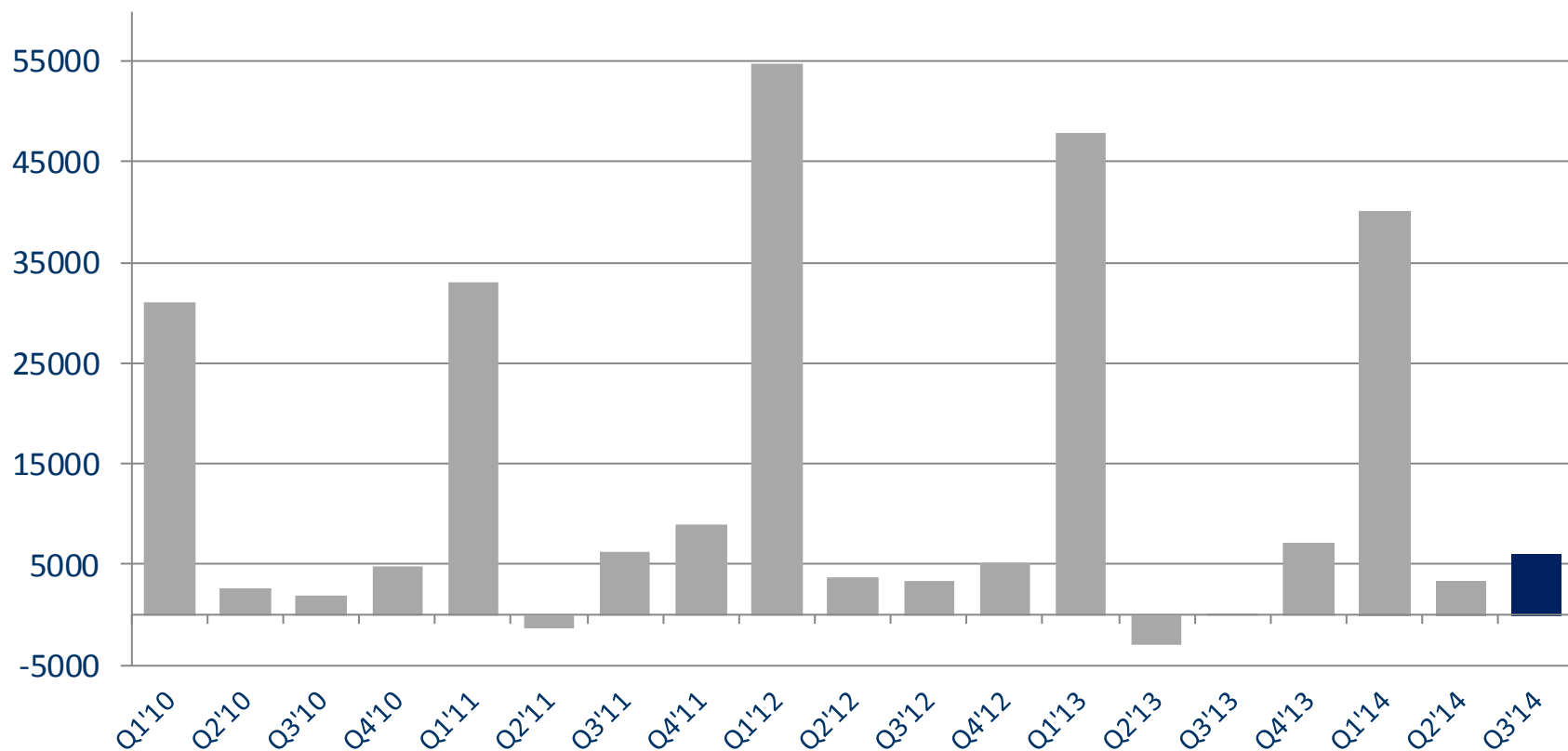
# Other expenses

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



# Operating cash flow

€ '000



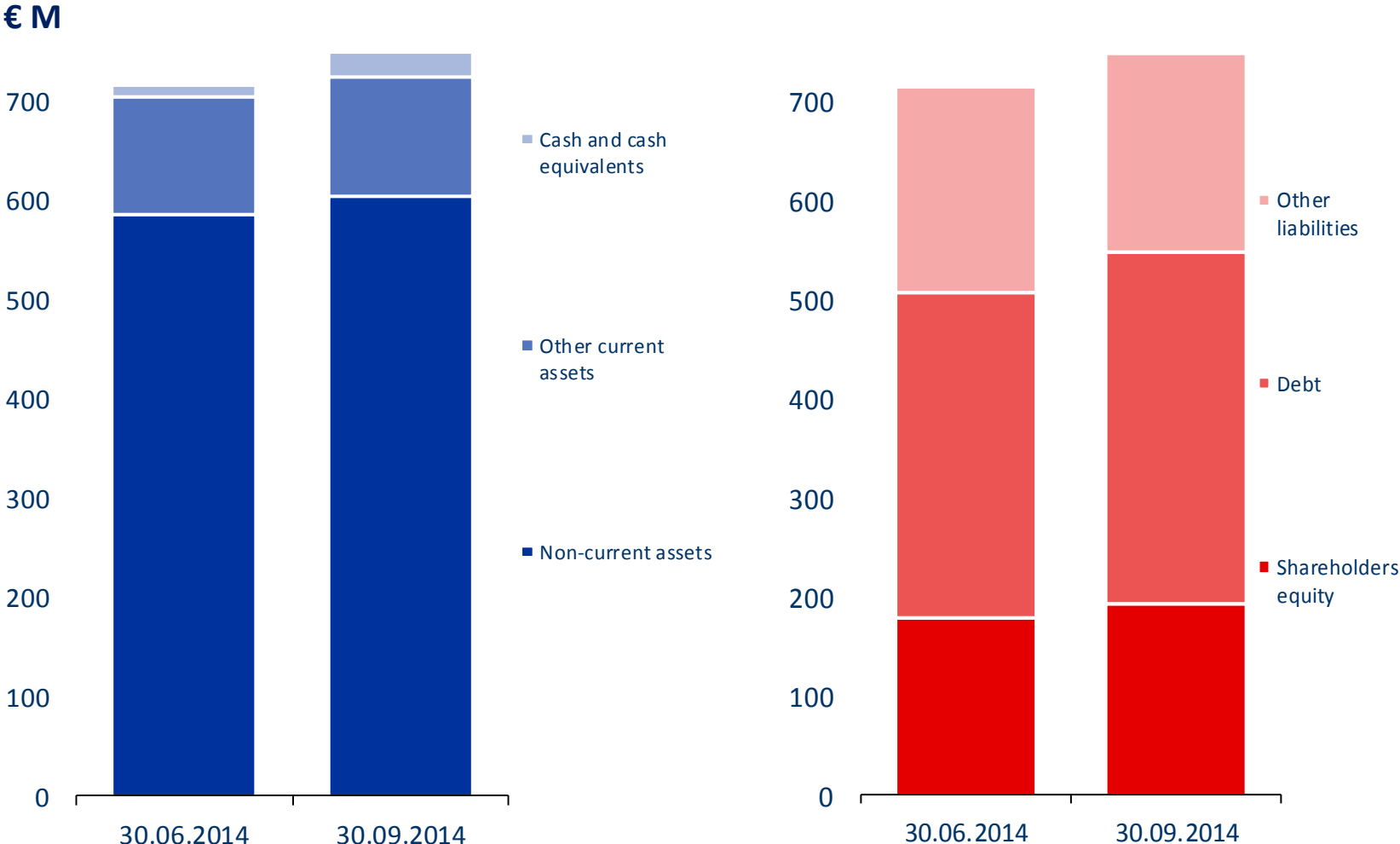


# Capital expenditure

€ M	Q3 2014
Company acquisitions	-8.5
Capitalized in-house services and other intangible assets	-6.0
Office buildings and property	-0.7
Other property and equipment	-0.9
Sum	-16.1

- Company acquisitions relate to the acquisition of Farma3Tec, Mondofarma and Puntofarma in Italy

# Statement of financial position



# Software for doctors

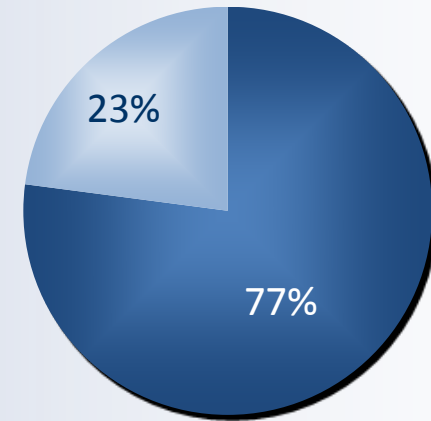


# Doctor software (AIS) development

## AIS revenue Q3 2014

100% = 71.1 € M

	€ M	%
Revenue Q3 2013	63.3	
Acquisitions	5.5	9%
Organic growth	2.3	3%
Revenue Q3 2014	71.1	12%

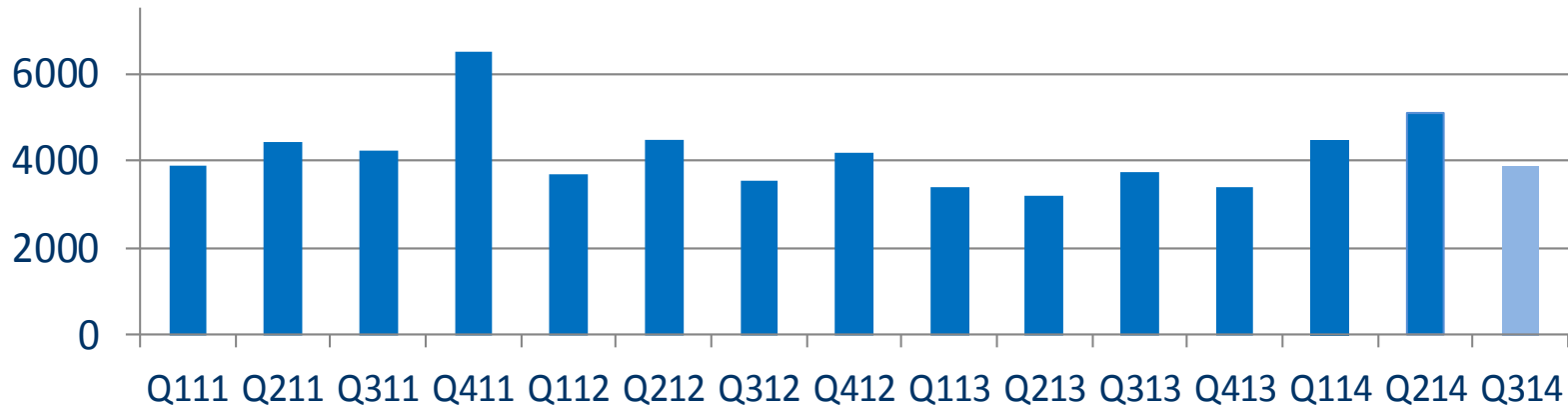


■ Recurring service fees    ■ Non-recurring sales

- 3 percent organic growth, 5 percent at constant exchange rates
- 7 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 – 3rd quarter 2014

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



- The positive trend from the start of 2014 fell off slightly in the third quarter
- In terms of sales and order bookings, the outcome in the third quarter 2014 was higher than the same period last year, but sequentially lower than in the second quarter this year
- Some cost measures are being taken, e.g. relocation of US head office from Boston, Massachusetts to Phoenix, Arizona (main operating location)

## Key elements of pilot project

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



## Third quarter 2014

- No material change in the project in the third quarter
- The full development of the central network is scheduled to be completed by the end of 2014
- The decentralized components (card, card terminals, connectors) are now expected to be tested with VSDM in Q2 2015
- According to current planning, the testing of the qualified electronic signature (QES) will be tested alongside the testing of VSDM

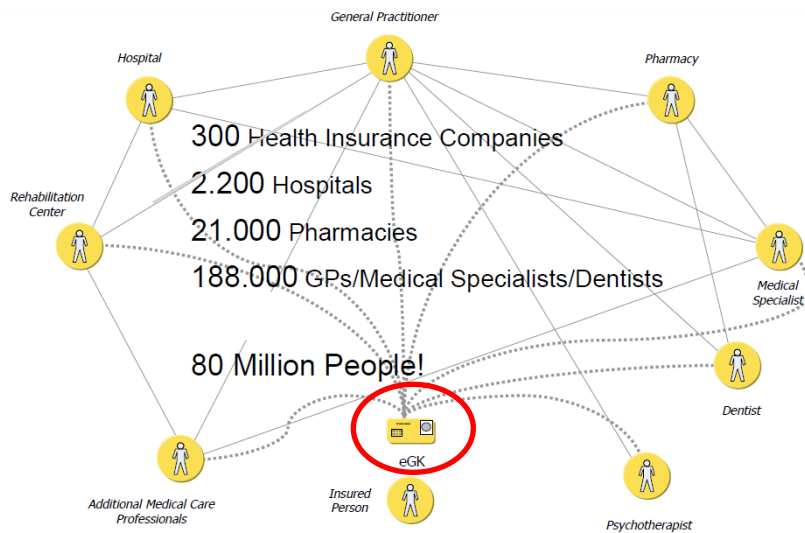
# The real upside comes with the full rollout (est. 2016)

## 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)
- .....
- .....



# Acquisition of Labelsoft

- Labelsoft develops software solutions for regional evening/week-end practices in The Netherlands and is, with a 75 % market share, the market leader in this segment
- Labelsoft also has a 5 % share of the Dutch GP ambulatory information systems (AIS) market
- In 2013, its total turnover was approx. EUR 3 million with an EBITDA margin of 20 %



# Software for pharmacies

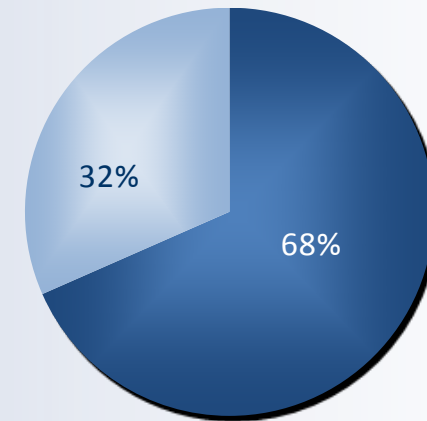


# Pharmacy software (PCS) development

## PCS revenue Q3 2014

100% = 21.2 € M

	€ M	%
Revenue Q3 2013	15.8	
Acquisitions	3.2	20%
Organic growth	2.2	15%
Revenue Q3 2014	21.2	35%



■ Recurring service fees    ■ Non-recurring sales

- Solid third quarter with 15 percent organic growth in the established German and Italian market
- Further 20 percent growth contribution from the new companies in Italy which were acquired in August and September 2014
- Robust demand for system upgrades from the announcement from Microsoft to cease support for Windows XP and Office / Word 2003

# Market position in Italy strengthened

- farma3tec develops software solutions for pharmacies in Italy and has 5,000 customers
- Mondofarma is the main distributor of the farma3tec software and has approximately 1,000 customers
- In 2013, the total turnover of both companies was approx. EUR 12 million and the EBITDA EUR 0.7 million
- Puntofarma adds another 800 pharmacies to the direct service in Italy with additional revenue of EUR 4 Million per annum



# Software for hospitals

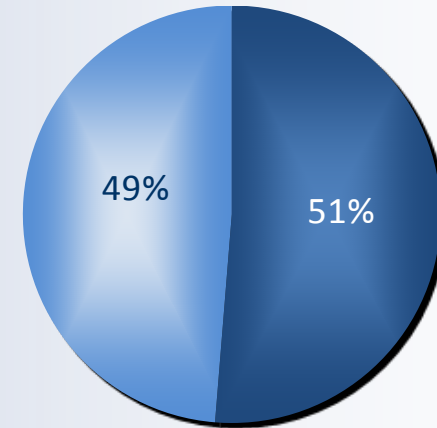


# Hospital software (HIS) development

## HIS revenue Q3 2014

100% = 19.5 € M

	€ M	%
Revenue Q3 2013	19.4	
Acquisitions		
Organic growth	0.1	0%
Revenue Q3 2014	19.5	0%



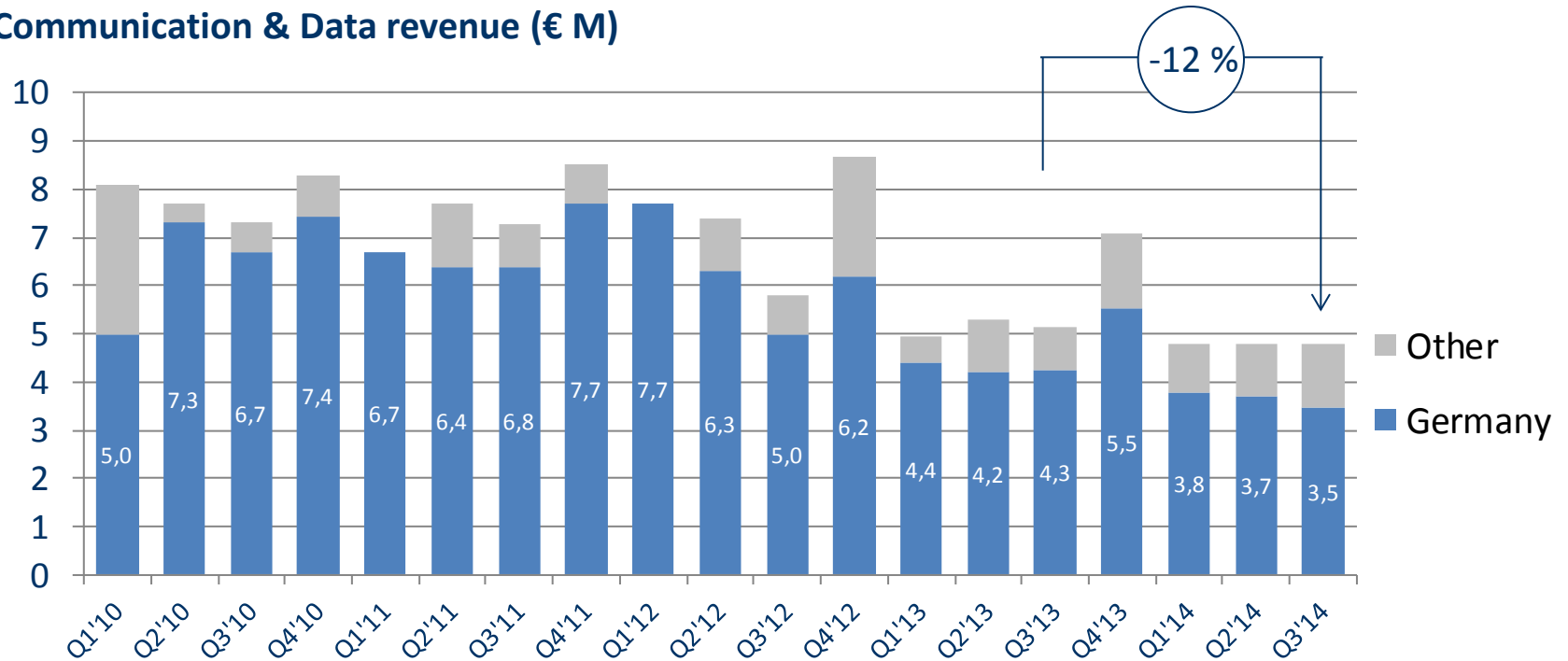
■ Recurring service fees

■ Non-recurring sales

- Good growth in Poland and Switzerland
- Austria and Germany are currently in a stagnant phase

# Communication & Data development

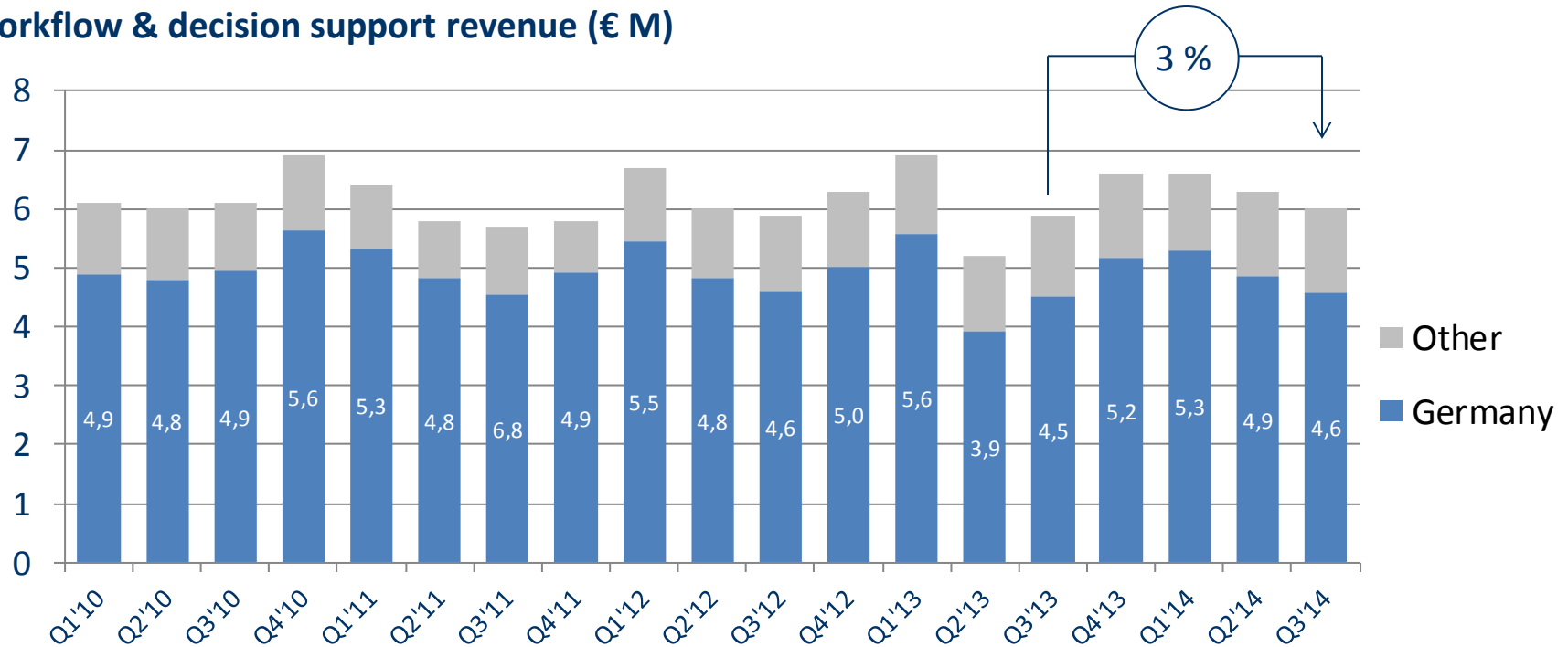
Communication & Data revenue (€ M)



- As expected, the revenue level in Communication & Data continues to decline also in 2014
- First time consolidation of in eHealth Business Media was EUR 0.3 million, organic contraction was -18 percent

# Workflow & decision support development

Workflow & decision support revenue (€ M)



- Significant FX effect from claims processing in Turkey (-30% FX change y-o-y)
- Sales of ipC3 continues at a steady pace
- Other business continues as planned



# Guidance 2014 reaffirmed

- In summary, CompuGroup Medical reaffirms the guidance for 2014:
  - Revenue is expected to be in the range of EUR 518 million to EUR 528 million
  - Operating income (EBITDA) is expected to be in the range of EUR 100 million to EUR 110 million
- Compared to the outlook issued at the beginning of the year, this guidance has been increased with EUR 8 million of revenue from companies acquired during 2014 with no significant EBITDA contribution net of transaction and integration costs
- 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

# Expected developments

- Expected full year AIS revenue remains unchanged at EUR 294 million to EUR 300 million. Including approximately EUR 3 million from acquisitions made during the year, revenue will most likely end up towards the high-end of the range
- PCS revenue will most likely exceed the high end of the initial guidance range. With new companies included, full year PCS revenue is now expected at EUR 79-80 million (up from previously estimated EUR 73 to EUR 74 million)
- Expected full-year HIS revenue remains unchanged at EUR 80 million to EUR 82 million, most likely around the low-end of the range
- Full year C&D revenue is expected to end up at approximately EUR 20 million (down from previously estimated EUR 21 million)
- Expected full year W&DS revenue remains unchanged at EUR 26 million to EUR 27 million
- Full year ISP revenue is expected to be approx. EUR 14 million, down from previously estimated EUR 16 million due to some changed milestones in the overall Telematics Infrastructure project, unrelated to CGM's deliveries

# Financial calendar 2015

Date	Event
February 5, 2015	Preliminary Q4 / Full year report 2014
March 31, 2015	Annual Report 2014
May 7, 2015	Interim Report Q1 2015
May 20, 2015	Annual General Meeting 2015, Koblenz
August 6, 2015	Interim Report Q2 2015
October 9, 2015	Analyst Conference
November 5, 2015	Interim Report Q3 2015

## Q&A session

---

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

---

**CompuGroup Medical AG**

Investor Relations

Maria Trost 21

56070 Koblenz

[www.cgm.com](http://www.cgm.com)

Phone: +49 (261) 8000-6200

Email: [investor@cgm.com](mailto:investor@cgm.com)

