



## **Speech of Frank Gotthardt**

**Executive Board Chairman of CompuGroup Medical SE,**

**On the occasion of the Annual General Meeting**

**On the 18 May 2016 in Koblenz**

The spoken word applies.

### **Chart 5 - Introductory slide**

Dear Shareholders,

Ladies and Gentlemen,

Welcome to this year's Annual General Meeting. 2015 was a year for CompuGroup Medical SE in which we achieved an all-time high in almost all operative and financial indexes. Today, we are looking back on a year where all expectations stipulated here last year were fulfilled with respect to our investments in the past.

With 543 million €, we were not only able to increase our turnover by 5%, but improved the operative margin by a further 2 percentage points with a result of taxes, depreciations and interest, thus the EBITDA, of 112 million €. This is an improvement of the result by 16.7%. We have once again taken a further step in efficiency.

We intend to hold on to this course and, with the development of core products and services, lay the basis for a business characterised by high turnover and low costs. The result of 2015 as well as the forecast for 2016 impressively confirms the correctness of this strategy. It is the path for a successful, scalable technology business with profitable growth in an increasingly more dynamic market.

Since the law for safe digital communication and applications in the health system - the so-called eHealth Act, was adopted in the German Bundestag last year and came into force at the beginning of 2016, the special use of IT for this industry seems to not only have been recognised by all participants in the health sector in Germany, but numerous activities are detectable everywhere.

This applies for our various clients in the service provider sector, for dentists, physicians, chemists and clinics, but also for funding institutions, namely the statutory health insurances and private insurance companies. In my opinion, one could definitely speak of a catalyst effect for health IT.

Further instruments of the federal government, such as the Innovation Fund, designed to transfer sensible IT projects into standard care, contribute their share in this gratifying development.

However, in addition, I consider two aspects to be particularly important:

1. The insured persons and patients increasingly demand helpful and more user-friendly solutions for their own health management.  
This becomes clear in a variety of relevant surveys. It is also reflected in their consumer behaviour at mobile applications in the health and fitness sector. Today, one can state with certainty that the citizens have become the strongest driver for the digitalisation of the health system - and the rapidly growing offers are an important indication in this matter.
2. These new technologies concern the first as well as the second health market and require intelligent networking in order to ultimately be of use to the individual as well as the system, namely by intelligent networking. "Synchronising healthcare" - as has been our motto for many years - thus continues to provide the greatest growth opportunities; and this is where we are ideally positioned with our Health-Connectivity-Service (HCS).

Regarding the indices:

**Chart 6: Successful for approx. 400,000 customers with products in more than 40 countries worldwide.**

At a turnover of 543 million €, we were able to achieve an operative result of approx. 112 million €. During the past years, we deliberately decided on a sustainable growth path and continued investing in two very essential sectors for the long-term success of CompuGroup Medical. These efforts are now reflected in our financial figures and respectively determine our direction for this financial year. I shall come to this in a minute.

We generated the greatest turnover share in Europe, which is also where most of our nearly 4,300 employees are located. On the map, you can see distribution of our worldwide 400,000 customers throughout the various countries. Today, we are represented in almost all European countries and the USA. In the east, we are active in Turkey, Saudi Arabia and Malaysia. From there, we also operate in other Asian countries. Our African customers are served from our locations in South Africa. All in all, we support people in more than 40 countries around the globe with our top products and

services in the treatment of patients. In some of these markets, we were able to increase our market share considerably.

### **Chart 7: The group in an overview**

Ladies and Gentlemen,

The growth of the international health IT markets continued also in 2015. As mentioned previously, it is a constant task to link increasingly provided and used services with each other, and thus create effective instruments for the health management, but also for the very specific care of the individual. Also the topic of "individualised medicine" continues to move to the foreground in a positive sense.

Last year I said: "If you want to increase efficiency in health services and at the same time improve patient-centred care, you have to know the needs of the individual, whilst at the same time keeping an eye on the big picture. Particularly for this reason it is a great advantage that we - as probably only company - cover the IT requirements for almost all service providers in the health system and thus provide the best conditions for the amalgamation of a variety of participants, including the insured people, the patients." This has not changed.

Our 400,000 customer include physicians, dentists, chemists, hospitals, rehabilitation and social institutions, laboratories, health insurance companies and the industry. However, the greatest beneficiaries of our products and services are ultimately the insured persons, the patients.

### **Chart 8: Classic business: HPS - physician-centred approach**

With our HPS sector, meaning the Health Provider Service - we continue to pursue the physician-centred, or better yet, service-provider-oriented approach of our business. Regardless whether in our still strongest market, the physician information systems, in the dental sector or in the solutions for pharmacists or clinics - here, we still have excellent development opportunities not only in Germany. With our product strategy of the Next-Generation-Technology, which we refer to as Generation 3 - or in short G3 -, we offer new development options to our customers, particularly in the hospital market. It creates greater flexibility and a secure future; this provides us with a significant competitive advantage which is already beginning to pay off.

Next to Germany, we continued to improve our sales opportunities in the international markets in which we operate by smaller, important acquisitions. Our platform for CGM users is thus expanded piece by piece and we shall continue to stand by our buy and build strategy in accordance with our objective. We shall support the growth in our core business with specific acquisitions.

### **Chart 9: HCS – development**

Our HCS sector involves services aimed at a better network and optimisation in the health system. HCS is not only the best scalable segment of CGM, but also delivers the greatest positive contribution to the general health care. The promise we gave for 2015 was to restore growth for our connectivity services (HCS). And this is what has occurred. With strong growth and the solid increase of the margin by 5 %, 2015 was outstanding for the HCS segment.

With our connectivity services, we were able to help meet many of the basic challenges of modern healthcare with efficient solutions. When I look at the great potential of CGM innovations, I see optimistically and enthusiastically into the future.

### **Chart 10: gematik: New infrastructure for eHealth in Germany**

The largest and currently most significant investment is still the development of our products for the Telematik infrastructure in Germany. For more than two years, we also work on the project for the testing of the electronic healthcare card. Our efforts and investments will write one of the greatest success stories of our company history.

We are also at the starting blocks with a large range of networking and add-on products, which are only awaiting the state-wide availability of the new IT standards. With these investments and the previously mastered technological challenges, our CGM has created an advantage in all relevant competitive markets and is able to assert its leading position also in this case.

CGM has loyally and committedly participated in the plans of the federal government regarding the introduction of the electronic health card for the past decade. This consistency has finally paid off toward the end of 2015, when the German Bundestag made the national roll-out of the Telematik infrastructure and the electronic health card compulsive with the so-called "E-Health" act. We welcome and support the determination as well as the plans of the German health politicians, the federal ministry for health, the GKV central association, the statutory health and dental health insurances, health insurance companies as well as the numerous other leading organisations in the health sector.

I agree with our federal minister for health, Mr Herrmann Gröhe, that the great timetable for the national roll-out can essentially be met with the joint effort of all parties involved. The Telematik infrastructure brings Germany into the top group of technology locations and provides the opportunity to improve quality and efficiency in healthcare; something other countries can only dream of. We are proud and thrilled to play a leading part in this initiative and are sure that this will not only benefit the health system in Germany, but also all members of the CGM family in future years. As a group, we want to and will use this to expand our leading position in technology and innovations.

### **Chart 11: Transformation of CGM AG to a European Company**

We are also an international group with a strongly European basis. In November last year, management announced the transformation of CompuGroup Medical AG to the legal form of "European Company (Societas Europaea, SE)" and this transition was also resolved during the last General Meeting. For us, it was a logical step, which also allows for the growing internationality of CGM also in its legal form.

This reinforces the cognition of CGM as an international group. We have since executed this transformation and are convinced that it will simultaneously bring advantages for our shareholders and our employees alike. For example, as CGM, we are now able to employ people across country borders. Employees of all future European subsidiary companies of CGM SE now have the opportunity to participate in the election of personnel representatives in the Supervisory Board of CGM SE. This ensures effectivity and the performance of the work of the supervisory board and its international orientation. So far, the transmission was consistently perceived as positive.

### **Chart 12: Acquisitions 2015 / Strategic acquisitions**

Dear Shareholders,

We have continued our acquisition strategy also last year and attached particular importance to a tailor-made orientation with respect to the expansion of the CGM platform users. Thus, we were able to extend our market share of physiotherapists and rehabilitation clinics in Belgium up to 50% with the purchase of Computfit BVBA. With a total of more than 6,000 customers, we are now market leader in Belgium also in this sector.

In South Africa, we were able to take over 100% of the MedEDI services. Products and services on the accounting side as well as with electronic patient cards allowed us to properly increase our market share in South Africa. In addition, this opens excellent Health Connectivity options in the future.

With the acquisition of Stock Informatik in Germany, we have found the correct answer to an increasing awareness of the industry for the necessity of operational health management and solutions for occupational health professionals. Stock Informatik hereby services customers - from hospitals to worldwide operating groups and companies - with products and services in the health protection, occupational medicine and safety sectors beyond Germany in Austria and Switzerland.

### **Chart 13: Forecast for 2016 (on average, double-digit growth of relevant indices)**

In light of the developments of CompuGroup Medical during the past years, the mid and long-term corporate strategy evidently provides you and us with sustainable, high growth potential.

The already published figures for the first quarter point to a turnover plus of 2% compared to the same quarter last year. With a result increase of 10%, we are on the right path and more than confident to considerably increase profitability.

### **Chart 14: Building blocks of growth**

Next to the growth of the traditional customer base in Germany, we shall also continue to grow in the newly developed markets. This is clearly indicated by the developments in various countries. With our leading position in technologies and innovations we not only provide the correct answers to existing requirements, but also provide constantly new offers suitable to meet the challenges of healthcare worldwide.

However, please allow me to direct our attention to our internal efforts. Last year, we have appointed an executive board for process and efficiency management in Frank Brecher. With this task as well as the roll-out of a uniform, group-wide and entirely standardised ERP and CRM system - which replaces our existing internal IT system - we have practically institutionalised our plans for continued improved margins and a greater impact.

We consider this to be a pivotal instrument in order to achieve outstanding operative quality and high performance based on a centralised IT platform and uniform IT solutions by standardising and optimising the roles, structures and processes in all of our companies and business sectors worldwide. Our clear improvement in the margins is doubtlessly a first result of these investments.

We can confirm the company prognosis for 2016 and expect a turnover between 560 and 570 million € with an EBITDA between 125 and 133 million €.

### **Chart 15: Dividend**

You, dear shareholders, are to also profit from our positive development in form of a dividend of 0.35 €, which shall be suggested during the General Meeting. Achieving our objective always also means another step toward better healthcare. Intelligent, software-based networking is the key to designing and securing a better future for health. Patients should profit from medical progress as best as possible, should be treated effectively and actively participate in shaping their health.



### **Chart 16: Our vision**

CGM takes on its great responsibility as a company. I am grateful and proud to serve this important task as Chief Executive Officer of CGM. It is with much gratitude and appreciation that I am relying on the outstanding performances and engagement of our approximately 4,300 employees throughout the world.

In conclusion, I would also like to extend a heartfelt thank you to our Supervisory Board. We are looking forward to the continuation of our excellent cooperation for the benefit of the company. I would like to thank you, our shareholders, for entrusting us with a part of your capital you hold in shares in CompuGroup Medical SE. We will do everything in our power to continue to justify the confidence you have placed in us.

Thank you for your attention.