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CompuGroup Medical SE – Synchronizing Healthcare

## **3<sup>rd</sup> quarter 2017 – Conference Call**

**09 November, 2017 - Christian B. Teig, CFO**



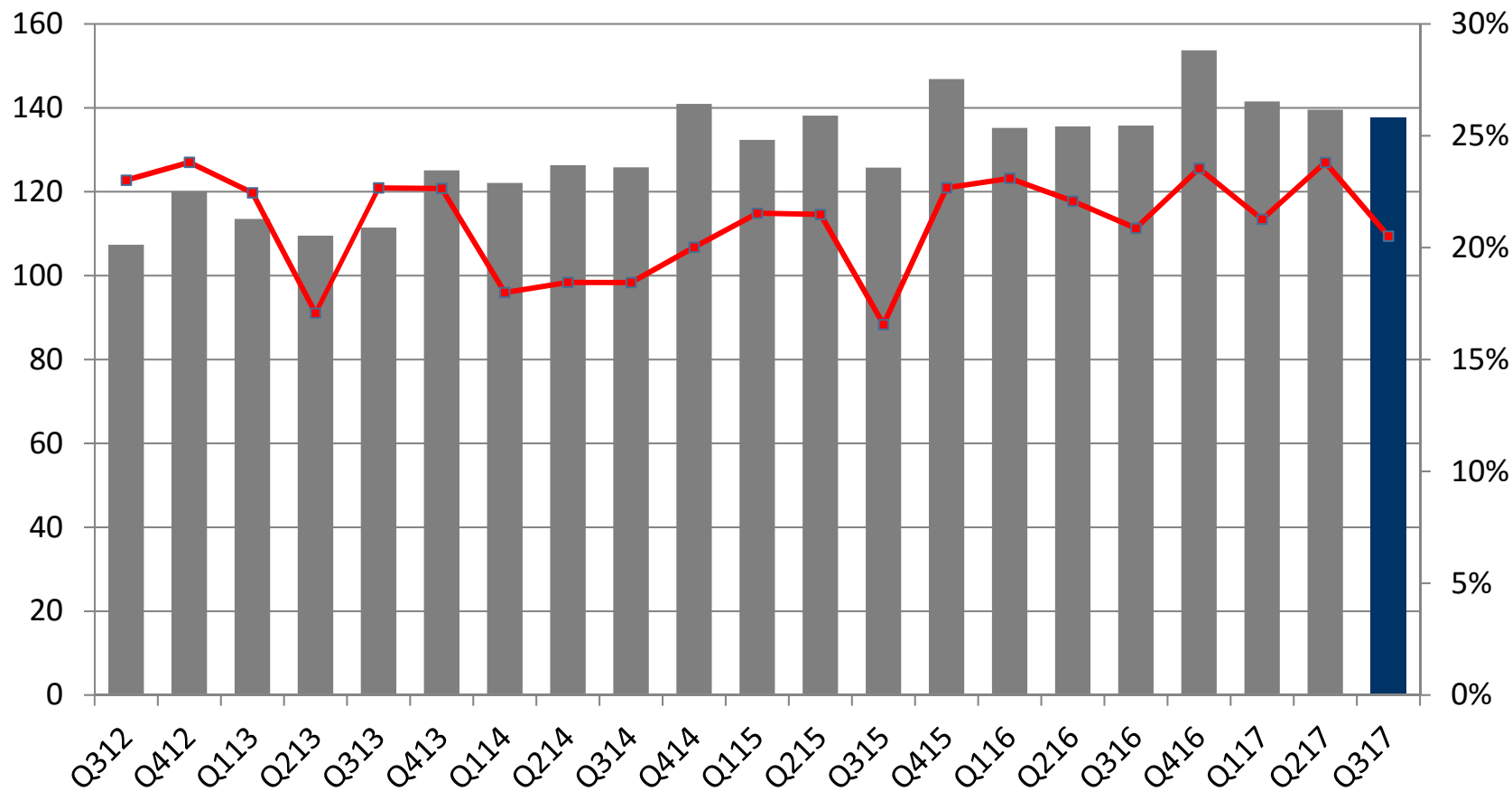
# Key figures third quarter 2017

€ M	Q3 17	Q3 16	Change	2016
Revenue	137.8	135.7	1%	560.2
EBITDA	28.3	28.3	+/-	125.7
EBIT	20.5	19.4		81.8
EBT	10.7	15.8		74.2
Net income	4.3	9.6		44.5
EPS (€)	0.08	0.19		0.90
Cash net income*	9.3	15.4		76.7
Cash net income per share (€)	0.19	0.31		1.54

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

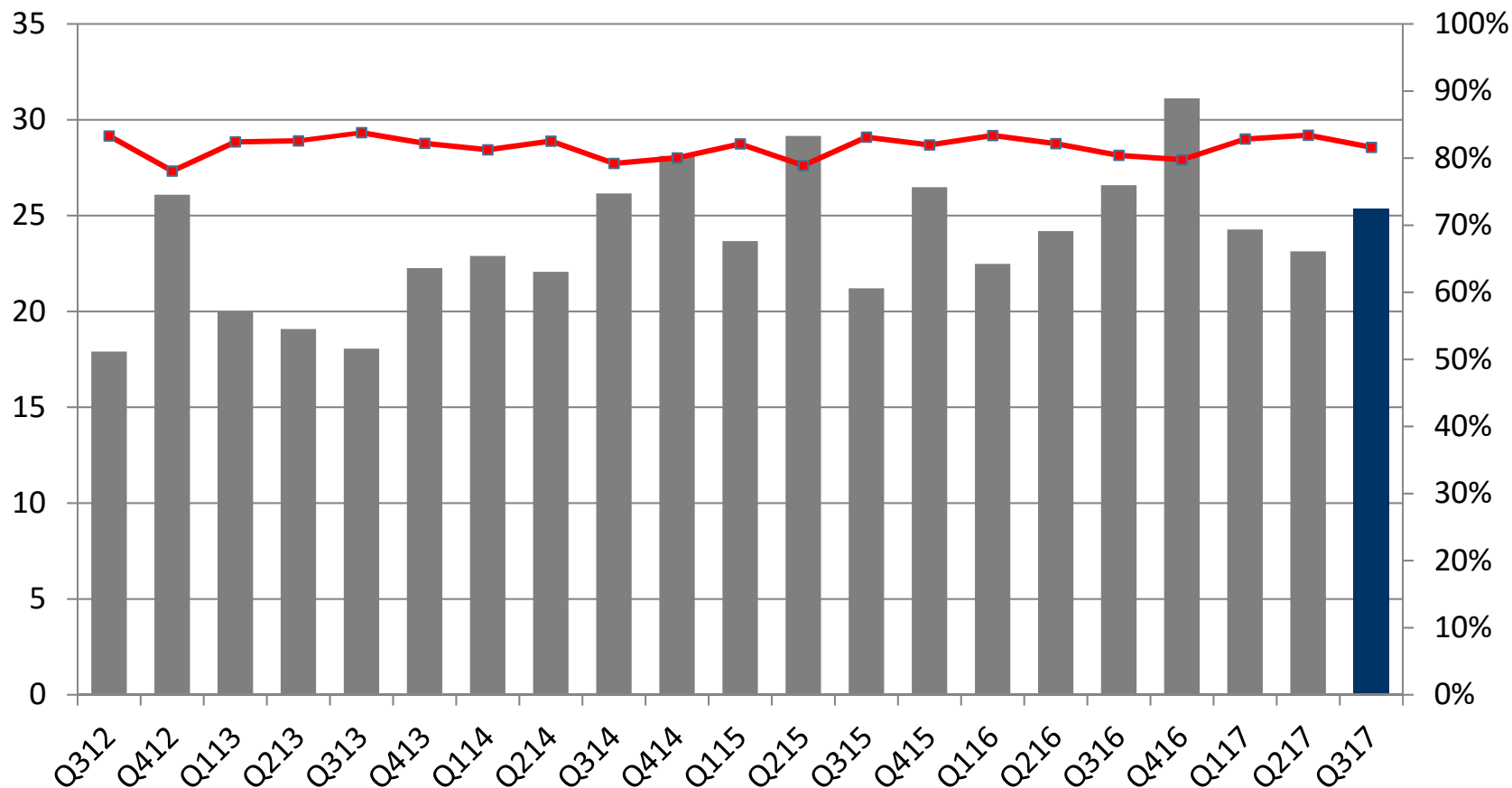
# Revenue and profitability

€ M / EBITDA margin



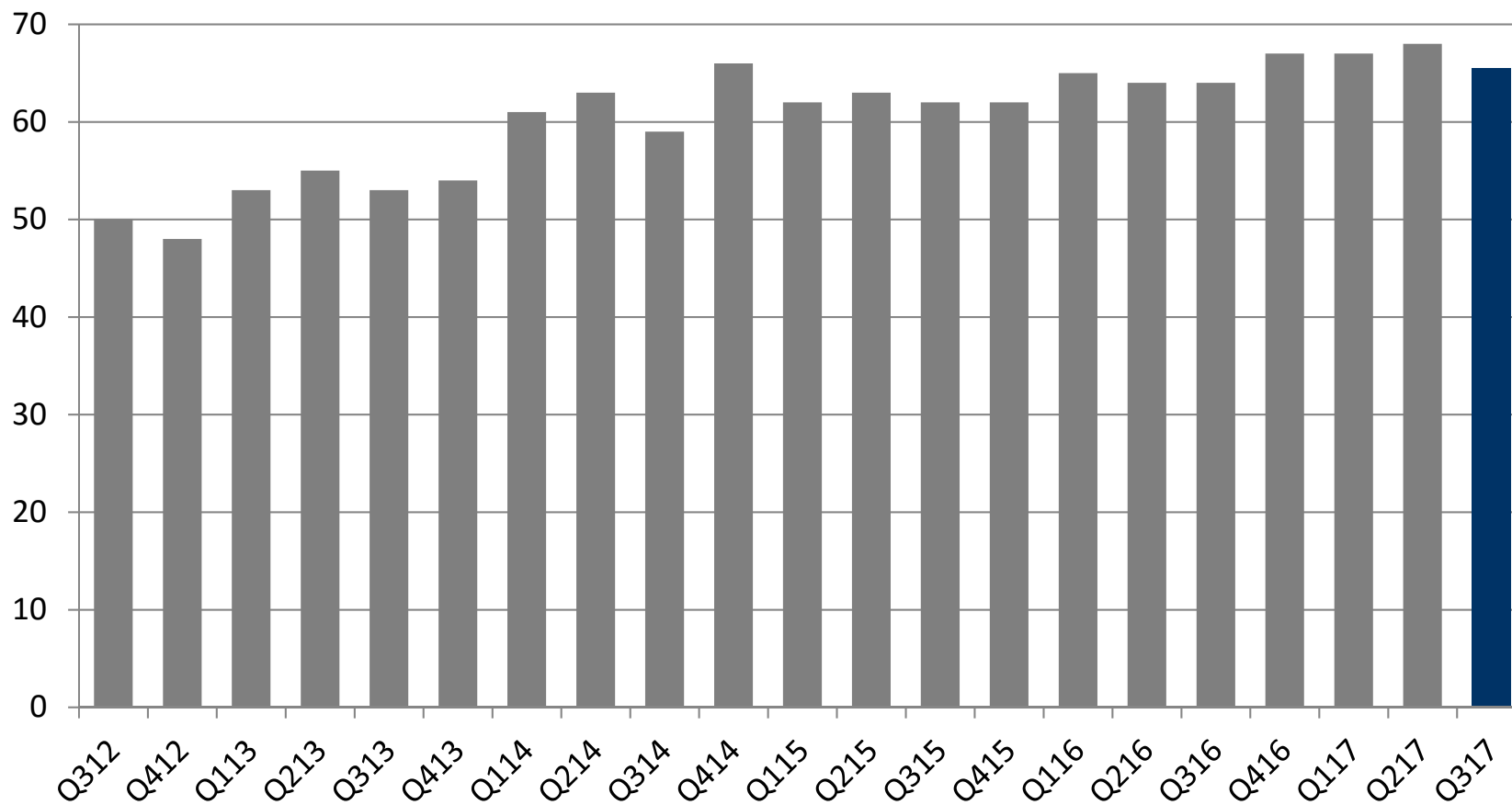
# COGS and gross margin

€ M / percent



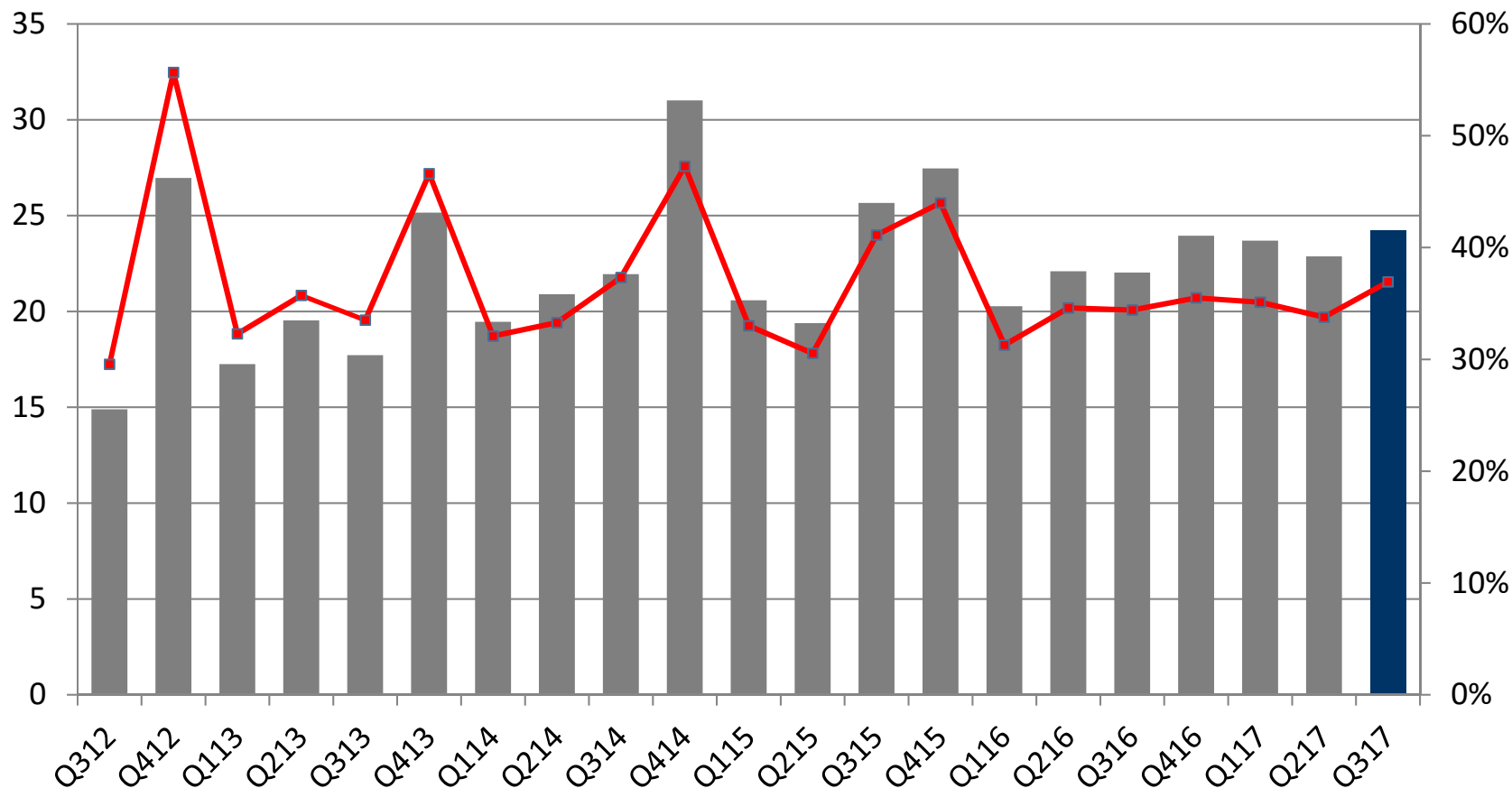
# Personnel expenses

€ M



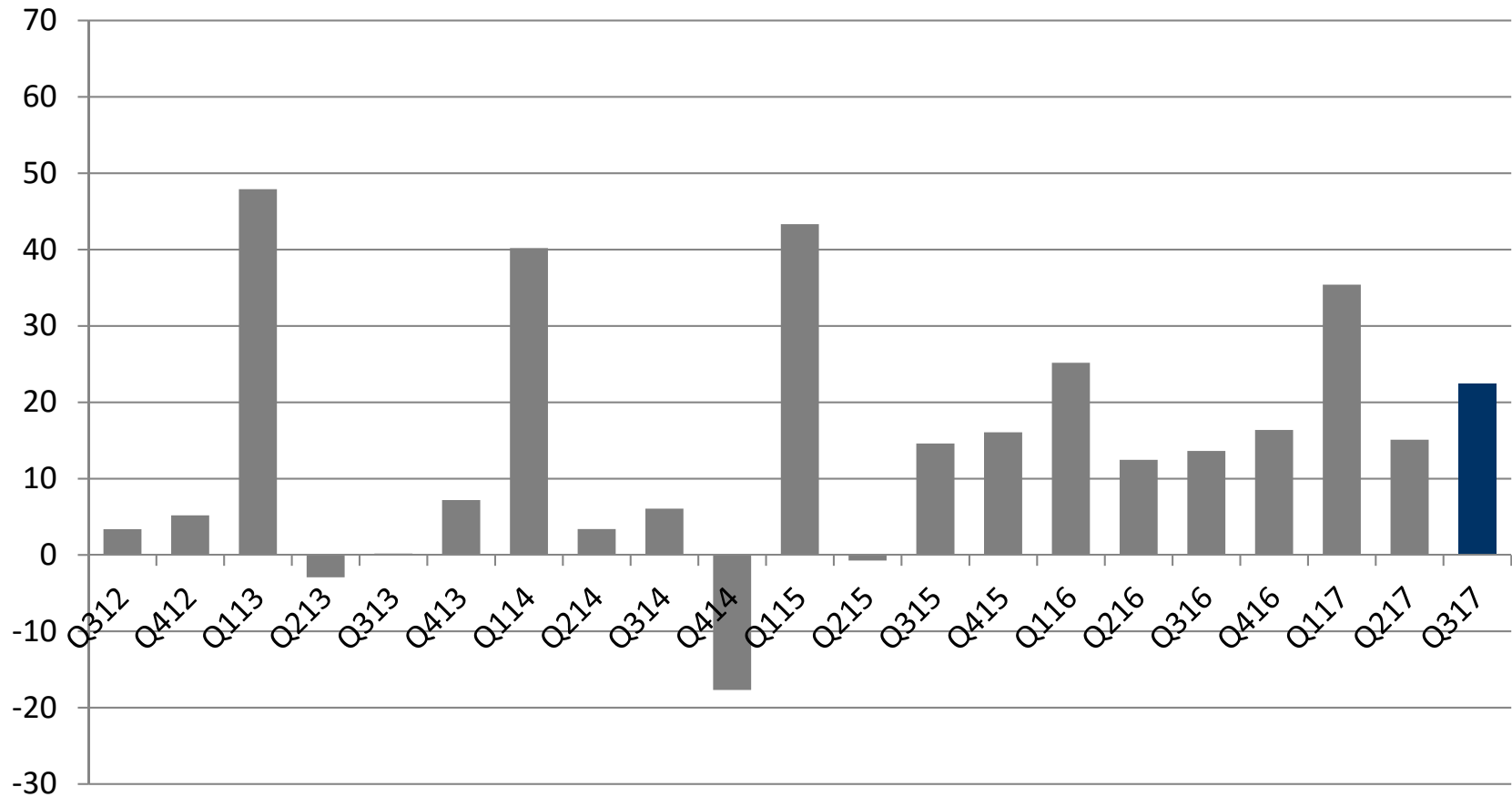
# Other expenses

€ M / percent of personnel expenses



# Operating cash flow

€ M



# Capital expenditure

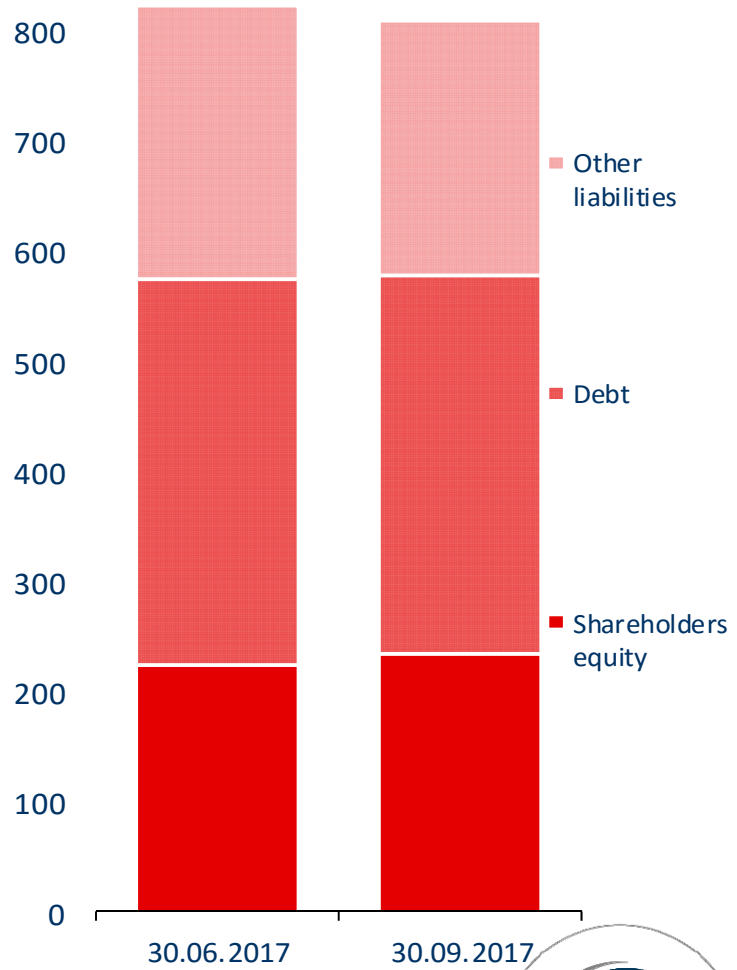
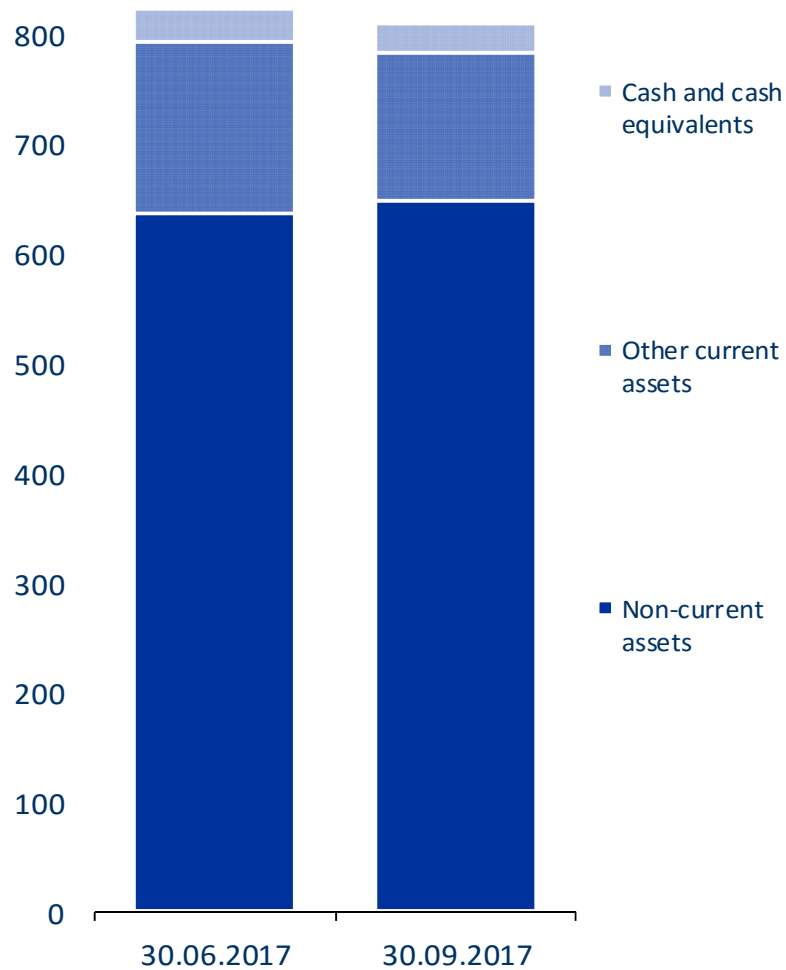
€ M	Q3 2017
Company acquisitions	-0.7
Minority interest and past acquisitions	-0.9
Investments in joint ventures	-0.4
Capitalized in-house services and other intangible assets	-7.1
Office building and property	-0.5
Office equipment and other tangible assets	-5.9
<b>Sum</b>	<b>-15.5</b>

- Company acquisitions constitute a small AIS competitor in Belgium (Barista) and a small HCS business in Germany (APV)
- Intangible and tangible assets are higher than normal due to preparations for TI roll-out (connector , warehouse, VPN access service) as well as investment in CRM/ERP (e.g. IFRS 15)



# Statement of financial position

€ M



# Software for doctors

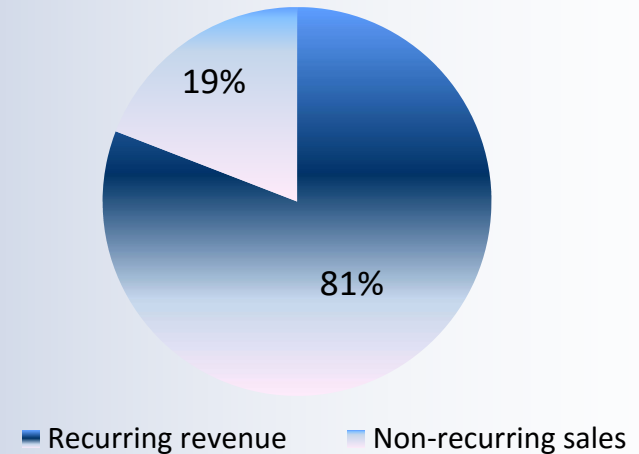


# Doctor software development

## AIS revenue Q3 2017

100% = 79.2 € M

	€ M	%
Revenue Q3 2016	77.5	
Acquisitions	0.7	1%
Organic growth	1.0	1%
Revenue Q3 2017	79.2	2%



- The core business in Europe performs well with 4 percent organic growth
- ORS1 project is completed and revenue was zero in the third quarter (last year EUR 0.5 million)
- United States continues to underperform in terms of revenue with a -11 percent decline year-on-year (-6 percent at constant currency)

# Telematics Infrastructure pilot project (ORS1)

- On July 8, 2017, the six-month VSDM trials ended
- All test requirements were met
- The project requirement of 500,000 eGK online transactions was clearly overfilled with 1.3 million transactions
- The average processing time for card updating was 3.6 seconds, clearly below the gematik requirement (6.1 seconds)
- The test report was handed over to gematik on July 28th
- The ORS-1 project will now end and gematik has already released a corresponding press release
- All remaining objectives will be reached in a market model in which companies can develop applications (QES, emergency data, e-medication plan etc.) and enter into a certification and accreditation process
- gematik and CGM are currently negotiating the financial conditions for the early cancellation



**strategy&**  
Formerly Booz & Company



# Early bird offer launched in July



**"Early bird"-Offer**  
**Packet price 3.690,-**  
**Installation before 31.12.2017 guaranteed!**  
**for orders received before 30. September**  
**2017**

1 connector KoCoBox Med+ (QES-ready)

1 card reader ORGA 6141 online

AIS integration module

**Packet price**

**3.690 €**

Activation of VPN access service

Installation & commissioning

Introductory training

Running service costs p.m.

**82 €**

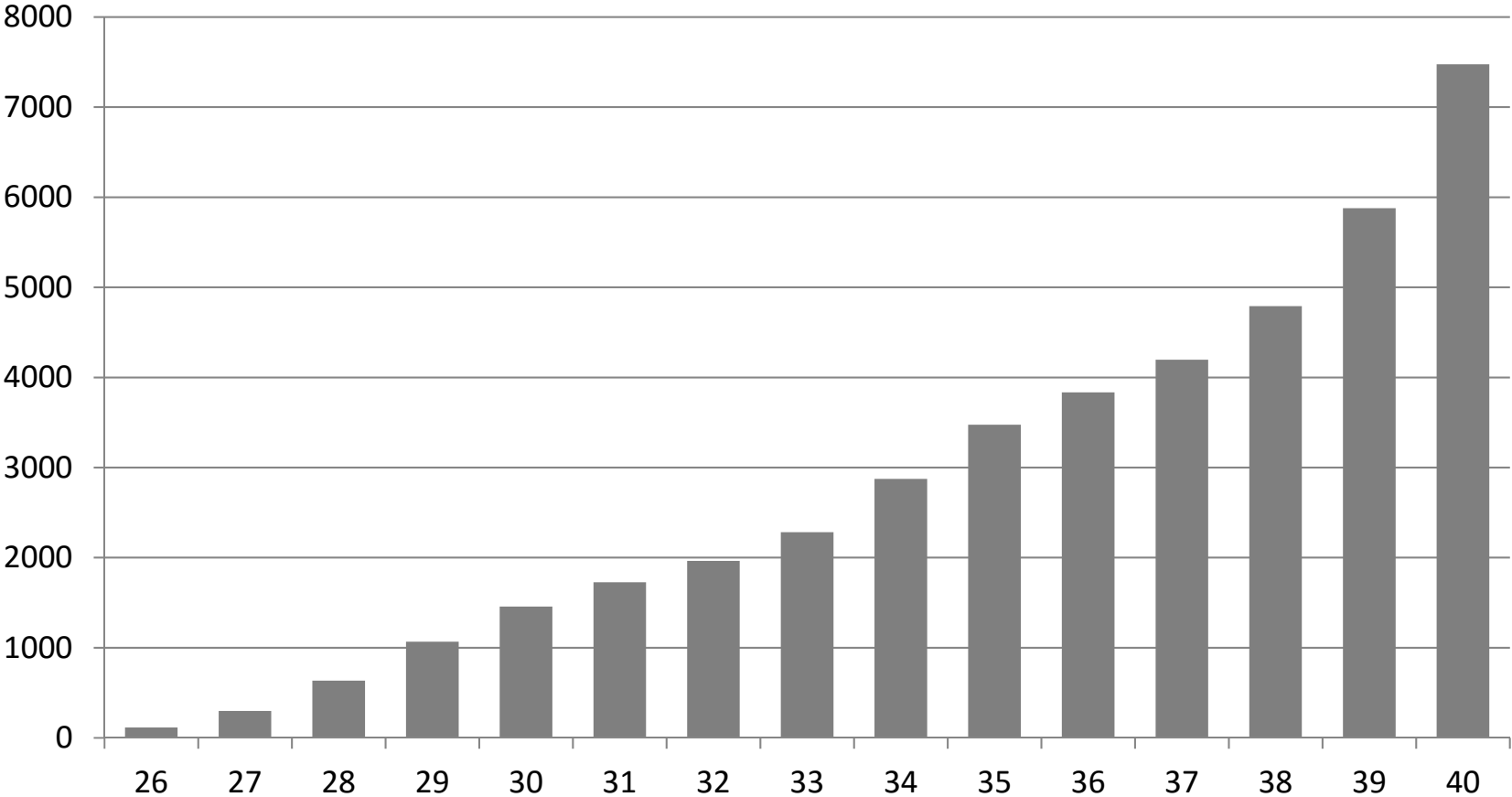
Practice with up to 3 doctors / dentists; Prices incl. VAT

Less VAT:

- €3,100 initial
- €833 recurring p.a.

# The early bird campaign gave 7.500 orders

# orders accumulated / calendar week



# Customers are buying more than the minimum package

- Average product bundle consists of:
  - 1 x connector KoCoBox Med+ (QES-ready)
  - 1,4 x card reader ORGA 6141
  - 0,5 x mobile card reader ORGA 6141
  - AIS integration module
  - Services : Activation of VPN access service, installation, training
- We signed 7.500 early bird orders with a total order value of EUR 26 million (excl. VAT and excl. running service costs)
- Average volume per order was EUR 3.450 (excl. VAT)

## CGM-HERBSTANGEBOT

FAX: 0261 8000-2399 | E-MAIL: [Bestellung.TI@cgm.com](mailto:Bestellung.TI@cgm.com)  
CGM-INFOLINE: 0261 8000-2323

Sichern Sie sich Ihren Installationstermin! Auch für die letzten Termine in 2017 gilt das CGM-Versprechen: Entscheiden Sie sich jetzt für das CGM-Herbstangebot und wir bringen Ihre Praxis in die Telematikinfrastruktur – **garantiert bis 31.12.2017**.

**BESTELLEN SIE JETZT!**  
ANGEBOT GÜLTIG SOLANGE  
TERMINE IN Q4/2017 VERFÜGBAR.

### ✓ CGM-PAKET TELEMATIKINFRASTRUKTUR

- 1 Konnektor KoCoBox MED+ (QES-Upgrade wird bei Verfügbarkeit nachgeliefert)
- 1 stationäres ORGA 6141 online eHealth-Kartenterminal inkl. gSMC-KT
- Freischaltung VPN-Zugangsdienst (auf Wunsch auch für folgende Bestandsnetze):  
Sicheres Netz der KVen (SNK), Zahnärzte Online Deutschland im Gebiet der KZV Westfalen-Lippe oder das Bestandsnetz der KV Schleswig-Holstein
- Secure Internet Service (SIS) vorbereitet
- Installation und Inbetriebnahme in Ihrer Praxis
- Einweisung der Mitarbeiter in Ihrer Praxis

€ 3.690,-

TI-Integrationsmodul  
für CGM-Praxissoftware  
kostenfrei enthalten.

### ✓ CGM-SERVICEPAKET BETRIEB

Servicegebühren pro Monat:

- Konnektor KoCoBox MED+
- VPN-Zugangsdienst (aktuelle Bestandsnetze inklusive)
- TI-Integrationsmodul für Ihre CGM-Praxissoftware

€ 82,67



# Early bird orders expected to be delivered in 2017

- Certification (BSI) and accreditation (gematik) of components for live operation
  - Connector Waiting for green light
  - Card reader (Ingenico) Waiting for green light
  - VPN access service Waiting for green light
  - Central components (Arvato) Waiting for green light
- Production of hardware
  - Connector approx. 3,500 units per week
  - Card reader (Ingenico) “sufficient” (pre-production done)
- Installation capacity
  - 500 already trained service technicians can theoretically do 5,000 installations per week
- SMC-B cards (Practice or institutional card)
  - Bundesdruckerei is ready
  - KVs and KZVs are getting ready for ordering and approval process (KZVs mostly ready)

# Software for pharmacies

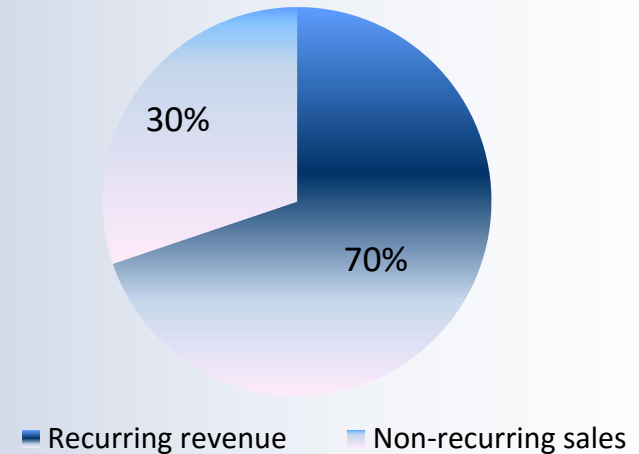


# Pharmacy software development

## PCS revenue Q3 2017

100% = 26.0 € M

	€ M	%
Revenue Q3 2016	24.4	
Acquisitions	1.2	5%
Organic growth	0.4	2%
Revenue Q3 2017	26.0	7%



- 2 percent year-on-year organic growth in the third quarter
- Further 5 percent growth contribution from the acquisition of two dealers in Italy in September 2016 (Vega and CSI Calabria).

# Software for hospitals

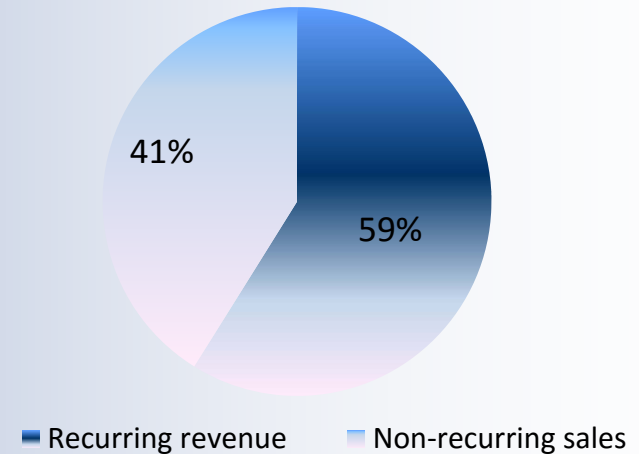


# Hospital software development

## HIS revenue Q3 2017

100% = 18.6 € M

	€ M	%
Revenue Q3 2016	18.7	
Acquisitions	-	
Organic growth	-0.1	+/-
Revenue Q3 2017	18.6	+/-



- Almost 90 percent of HIS revenue now comes from the DACH region (Germany, Austria Switzerland)
- In terms of overall revenue development in the hospital segment, there is also a smaller 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

# Health Connectivity Services development

€ M

	Q3 2017	Q3 2016	%
Communication & Data	4.4	4.7	-5%
Workflow & Decision Support	6.7	7.1	-6%
ISP	2.9	2.9	
ORS 1 project	0.0	0.5	
<b>Health Connectivity Services</b>	<b>15.4</b>	<b>15.2</b>	<b>-8%</b>

- Adjusted for the de-consolidation of the business in Italy, the organic growth was 4 percent in communication & data . The de-consolidation in Italy results from the merger of Intermedix Italia S.r.l. into Fablab S.r.l.
- Adjusted for changes in currency exchange rates (predominantly the Turkish Lira) the organic contraction in workflow & decision support was 3 percent.
- No revenue from the ORS 1 project was recognized in the third quarter and CGM does not expect any further revenue from this project to be realized in 2017.

# Guidance 2017

- CGM reaffirms guidance for 2017:
  - Revenue is expected to be in the range of EUR 600 million to EUR 630 million
  - Operating income (EBITDA) is expected to be in the range of EUR 138 million to EUR 150 million
- This outlook is based on the revised assumption that the roll-out of the Telematics Infrastructure in Germany will begin in November 2017 and a substantial number of practices will be installed during the fourth quarter
- The original assumption was for the roll-out to gradually begin in the middle of 2017 and the original revenue targets have now been maintained through a significantly more efficient installation and deployment process over much a shorter time period compared to the original plan
- The guidance does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2017
- The guidance for 2017 represents management's best estimate of the market conditions that will exist in 2017 and how the business segments of CGM will perform in this environment

# Financial calendar 2018

Date	Event
February 5, 2018	Preliminary Q4/Full Year Report 2017
March 29, 2018	Annual Report 2017
May 3, 2018	Interim Report Q1 2018
May 15, 2018	Annual General Shareholder Meeting
August 9, 2018	Interim Report Q2 2018
October 18, 2018	Investor- and Analyst Conference
November 8, 2018	Interim Report Q3 2018



## Q&A session

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If you would like to raise questions, please press **01** on your telephone

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