

Q4/FY 2020

Preliminary results



Investor/Analyst Call

Dr. Dirk Wössner, CEO

Michael Rauch, CFO

February 4, 2021

Disclaimer

Preliminary and unaudited results 2020

The preliminary results are based on unaudited financial information and on preliminary information reviewed by the management to date. These results remain subject to the completion of the CGM accounting closing process and approval by the Supervisory Board. The company will provide audited Q4 and FY 2020 results on March 25, 2021.

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GROUP OVERVIEW

DR. DIRK WÖSSNER, CEO

Introducing Dirk Wössner, the new CEO.



About me

- 2018 – 2020 Deutsche Telekom – Board Member German business (~€22bn revs)
- 2015 – 2018 Rogers Communications, Canada – responsible for consumer business (~\$ 8bn revs)
- 2002 – 2015 Deutsche Telekom – various management positions Germany & UK
- 1997 – 2002 McKinsey & Company – Germany & Spain
- Doctorate in chemistry
- Married, four children

Why did I join CGM? – There is so much opportunity!

- Compelling vision: Digitizing healthcare
- Exciting market – Innovation driven
- Bold ambition – Organic growth
- Family controlled – Long term view
- Execution – Fast, agile decision making
- The founder – Frank Gotthardt



Proud to be part of the team



Dr. Dirk Wössner
CEO



Frank Brecher
Chief Technology Officer



Dr. Ralph Körfggen
Ambulatory & Pharmacy Information Systems



Dr. Eckart Pech
Consumer & Health Information Systems



Michael Rauch
CFO



Hannes Reichl
Hospital Information Systems

2020 – Successfully steering through the COVID-19 pandemic

**Full support to our
customers – the
front-line fighters**

**Massive ramp-up of
CLICKDOC video
consultations**

**Safety first for all
employees –
maintaining 100%
productivity**

**Pioneering digital
health apps**

**Driving TI – Next level
digitization in
German healthcare**

Big thank you ...

**... to all doctors,
medical personnel &
caring nurses for their
dedication and
commitment during
these challenging
times!**



Two largest M&A transactions in company history closed in 2020



July 2020: Acquisition of Cerner assets

- Transaction volume of €203m
- CGM now clear #2 HIS player in Germany
- Adding significant scale
- Initial revenue synergies in HY2 above plan



December 2020: eMDs acquisition

- Transaction volume of €189m
- CGM now #4 AIS player in US
- Strong increase in customer base
- Significant revenue synergy potential

Turning investments into further organic growth



INVESTMENTS 2021

- ✓ User experience & platform modernization
- ✓ Modularization & interoperability
- ✓ Next generation G3 / SaaS based products
- ✓ IT security offerings
- ✓ Investments along the patient journey
- ✓ Marketing, sales & distribution



GROWTH OPPORTUNITIES

- PATIENT PLATFORMS
- HOSPITAL FUTURE ACT
- IT SECURITY
- CONSUMERIZATION
- DATAFICATION
- CLOUD SERVICES



R&D expenses from ~€168m in 2020 to > €200m in 2021

CGM is ideally positioned for further growth and value generation



**Beneficiary from
digitization in
healthcare**



**Strong market
positions**



**Innovative
powerhouse**



**Impressive M&A
track record**



Financial strength

Early thoughts on my 2021 priorities

- Strengthen our core business – Customer experience #1 priority
- Successfully integrate and set up US business for growth
- Deliver value along the patient journey
- Leverage M&A capabilities to complement existing strength
- Focus on company culture

FINANCIALS

MICHAEL RAUCH, CFO

Record financial performance 2020



€837m
(+12%yoy)

Revenue



63%
(+1ppt)

Share of
Rec. Revs



€215m
(+8%yoy)

Adjusted
EBITDA



26%
(-1ppt)

Margin



€1.88
(PY: €1.74)

Adjusted
EPS



€101m
(+8%yoy)

Adjusted
FCF

Guidance



Range
Updated (Aug 6)
€820m-€860m
Initial (Feb 5)
€765m-€815m



> 60%
> 60%



Range
€205m-€220m
€195m-€215m



Range
€1.75-€1.95
€1.70-€1.95



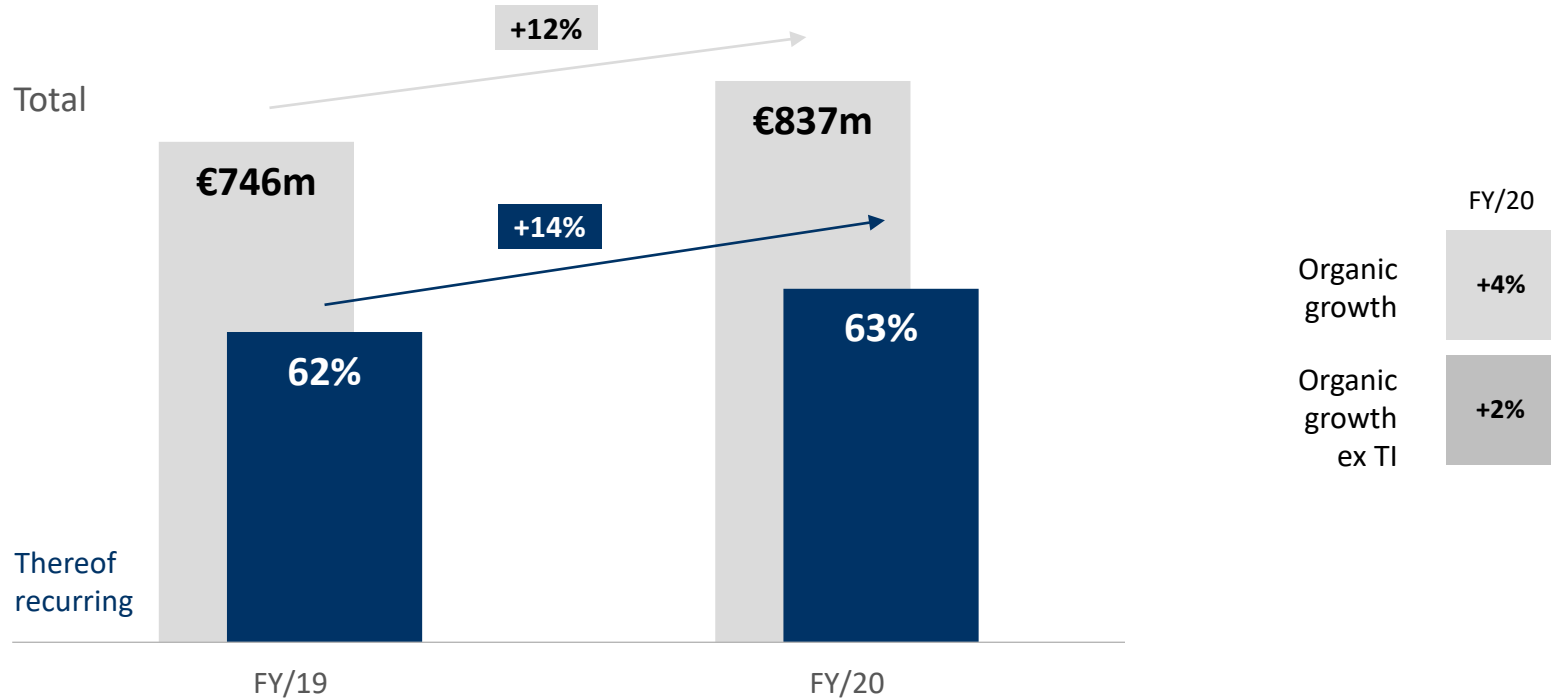
> €85m
> €80m

EBITDA, EPS and FCF adjusted, EPS diluted

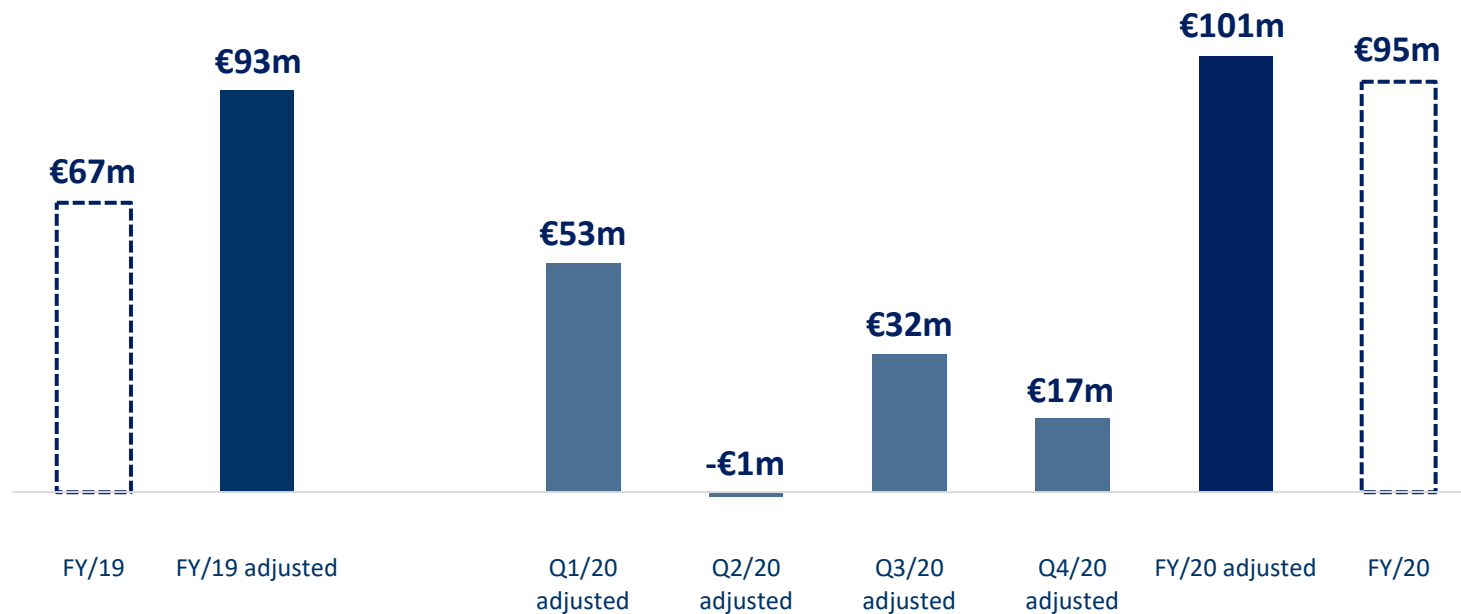
FY/20 segments

| Group | | Ambulatory Information Systems | | Pharmacy Information Systems | | Hospital Information Systems | | Consumer & Health Management Information Systems | | |
|-----------------------|-----|--------------------------------|-----|------------------------------|-----|------------------------------|-----|--|-----|-------|
| | | Revenue Share | | | | | | | | |
| | | FY/20 | YOY | FY/20 | YOY | FY/20 | YOY | FY/20 | YOY | |
| Revenue (€m) | 837 | +12% | 467 | +5% | 135 | +13% | 187 | +37% | 48 | +5% |
| EBITDA adjusted (€m) | 215 | +8% | 172 | +7% | 38 | +18% | 32 | +65% | 8 | -26% |
| Margin | 26% | -1ppt | 37% | +1ppt | 28% | +1ppt | 17% | +3ppt | 17% | -8ppt |
| Revenue guidance (€m) | | ✓✓ | | ✓ | | ✓✓ | | ✓✓ | | |
| (Aug 6) | | 820-860 | | 470-490 | | 124-134 | | 180-188 | | |
| (Feb 5) | | 765-815 | | 453-485 | | 124-134 | | 142-148 | | |

2020 – Double-digit revenue growth driven by acquisitions

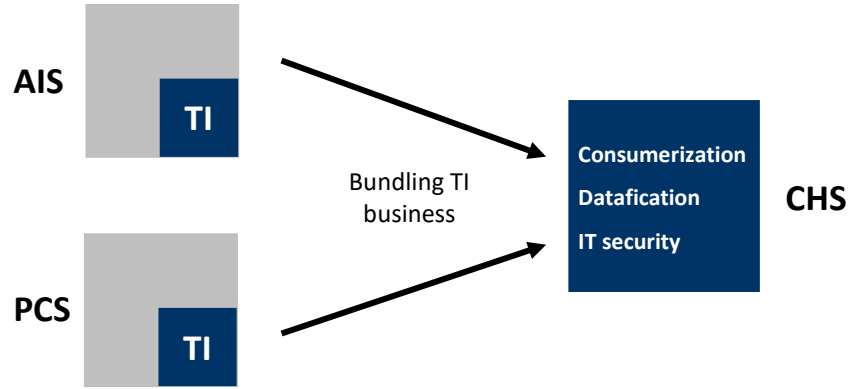


Adjusted FCF significantly above guidance

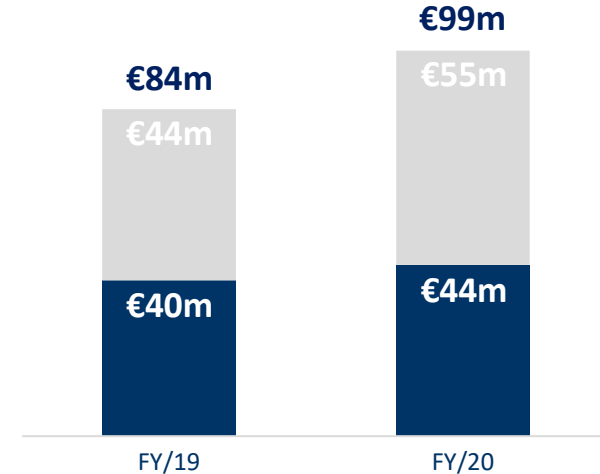


Further increasing transparency from 2021 onwards

TI revenues AIS & PCS

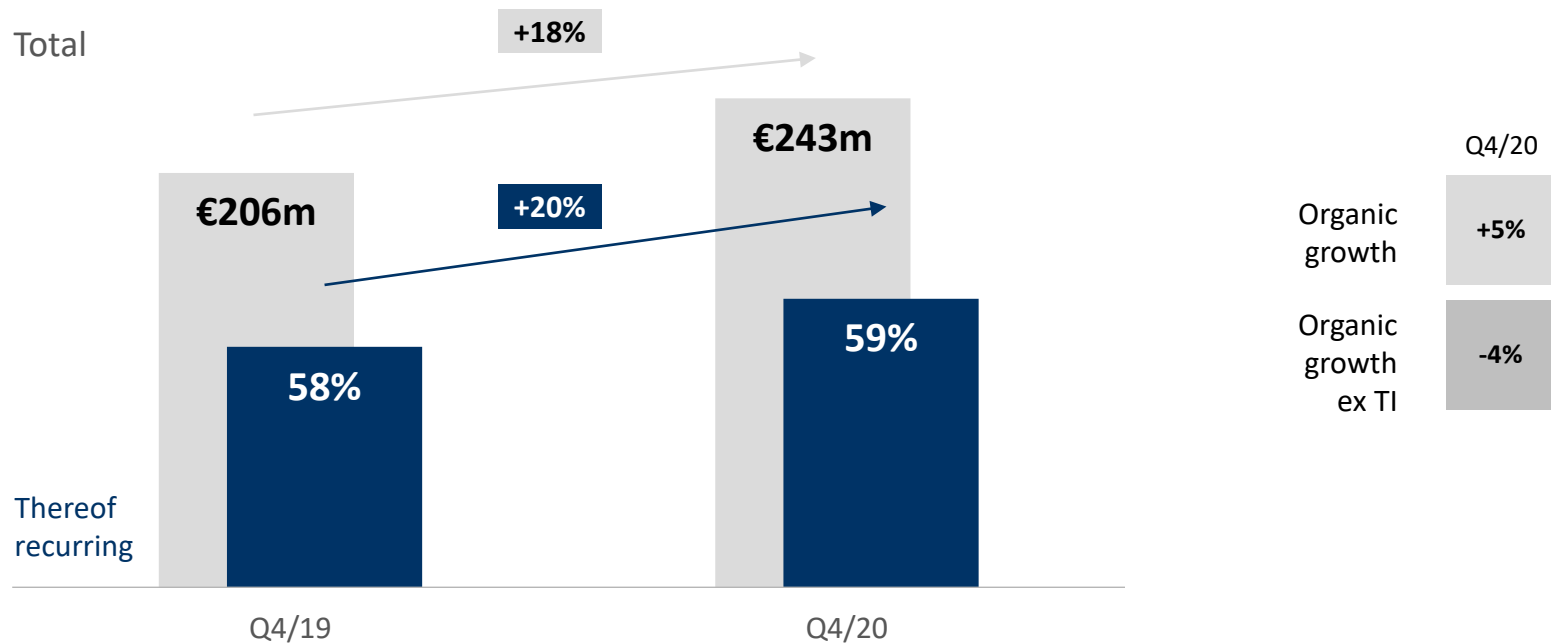


- Further aligning management responsibility and reporting
- Increasing visibility of AIS and PCS underlying core business for investors



■ One-time revenues
■ Recurring revenues

Q4/20 – Double-digit revenue growth driven by acquisitions






SEGMENTS

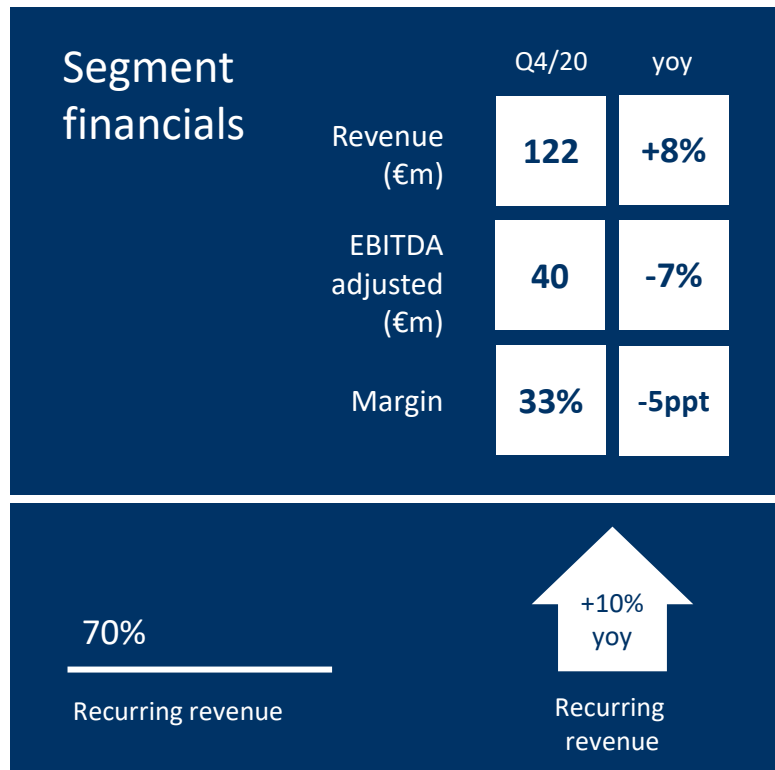


Q4/20 – HIS (acquisition) and PCS (TI) segments driving growth

| Group | | Ambulatory Information Systems | | Pharmacy Information Systems | | Hospital Information Systems | | Consumer & Health Management Information Systems | | |
|----------------------|-----|--------------------------------|-----|------------------------------|-----|------------------------------|-----|--|-----|-------|
| | | Revenue Share | | | | | | | | |
| | | Q4/20 | yoy | Q4/20 | yoy | Q4/20 | yoy | Q4/20 | yoy | |
| Revenue (€m) | 243 | +18% | 122 | +8% | 41 | +15% | 63 | +53% | 15 | +3% |
| EBITDA adjusted (€m) | 60 | +5% | 40 | -7% | 12 | + 11% | 14 | +64% | 3 | -15% |
| Margin | 25% | -2ppt | 33% | -5ppt | 29% | -1ppt | 23% | +2ppt | 19% | -4ppt |

A photograph of a medical professional in a white lab coat with a stethoscope around their neck, sitting at a desk and typing on a laptop. In the foreground, a patient's hands are visible, resting on the desk. The scene is brightly lit, suggesting a clinical or hospital setting.

AMBULATORY INFORMATION SYSTEMS

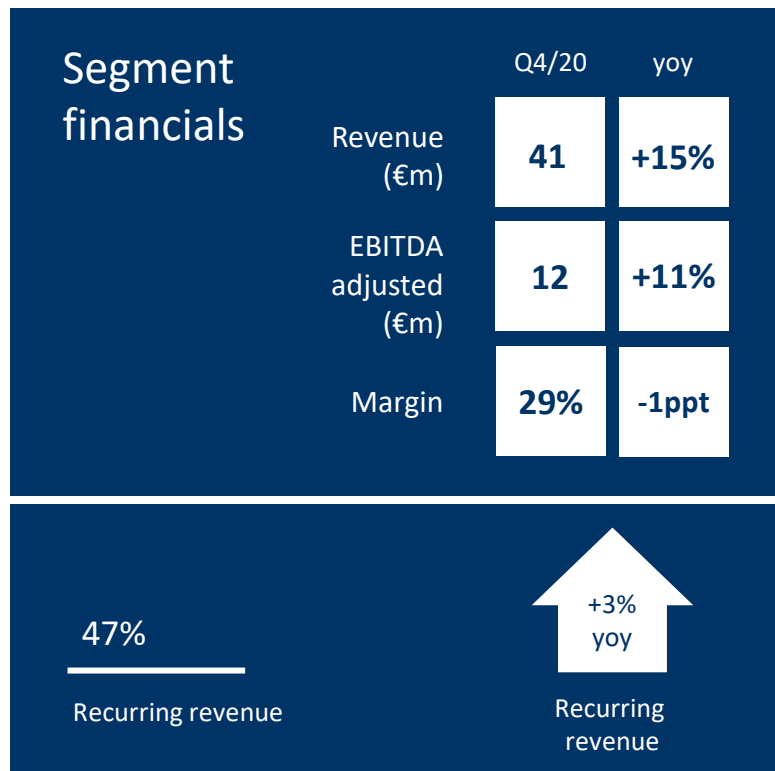


Q4/20 yoy

- Revenues up +8% due to TI rollout and Epsilog acquisition, organic growth at 4%
- Organic revenue ex TI -3%, due to COVID-19 (US & dental) and vs strong PY (Win 10 & ELGA)
- **Recurring revenues** +10%, representing 70% of total revenues
- **Adjusted EBITDA** impacted by revenue mix (hard-/software) and increased investments

A female pharmacist with short, dark, curly hair is shown in profile, looking towards the right. She is wearing a white lab coat over a dark top. She is holding a tablet computer with both hands. The background is a blurred pharmacy setting with shelves and equipment. A large white rectangular box with rounded corners is positioned on the right side of the image, containing the title text.

PHARMACY INFORMATION SYSTEMS



Q4/20 yoy

- Strong **organic** revenue growth of +15% due to first time pharmacy TI rollout
- Invoiced TI installations including third party deliveries ~5k
- Org. revenues ex TI -13% below extraordinary Q4/19 due to Italy (IT hardware) and Win 10 as well as full focus on TI rollout
- **Adjusted EBITDA** up 11% due to TI rollout

A photograph of two male doctors in a hospital hallway. The doctor on the right is wearing a white lab coat over blue scrubs, has a stethoscope around his neck, and is holding a tablet. He is looking towards the other doctor. The doctor on the left is seen from the back, wearing a light blue button-down shirt. The background shows a modern hospital corridor with large windows and doors.

HOSPITAL INFORMATION SYSTEMS

Segment financials

| | Q4/20 | yoy |
|----------------------|-------|-------|
| Revenue (€m) | 63 | +53% |
| EBITDA adjusted (€m) | 14 | +64% |
| Margin | 23% | +2ppt |

56%

Recurring revenue

+73%
yoy

Recurring
revenue

Q4/20 yoy

- Strong revenue increase of 53% due to consolidation of largest acquisition
- Organic revenues -3% due to strong prior year quarter (Nökis hardware)
- Acquisition well above synergy plan with €23m revenue
- **Strong EBITDA margin** increase due to acquisition and better revenue mix

A close-up photograph of a person wearing a white lab coat. Their left hand holds a white glucose test strip, which is being inserted into a white smartphone. Their right hand is positioned near the bottom of the phone. A white medical device, possibly a glucose meter, lies on the surface to the left of the phone. The background is a plain, light-colored surface.

CONSUMER & HEALTH MANAGEMENT INFORMATION SYSTEMS

Segment financials

| | Q4/20 | yoy |
|----------------------|-------|-------|
| Revenue (€m) | 15 | +3% |
| EBITDA adjusted (€m) | 3 | -15% |
| Margin | 19% | -4ppt |

12%

Recurring revenue

+10%
yoy

Recurring
revenue

Q4/20 yoy

- **Organic** revenue growth of 5% driven by strong intermedix business
- **Consumerization:** significant invest in strategic platforms (Life, CLICKDOC)
- **Datafication:** launch of Therafox cloud solution
- **Adjusted EBITDA** impacted by platform investments

GUIDANCE



2021 Guidance

- **Revenues** in the range of €1,000m to €1,040m
 - **Adjusted EBITDA** in the range of €210m to €230m
-
- The 2021 guidance represents management's current best estimate of market conditions in 2021 and how the business segments of CGM will perform in this environment
 - The COVID-19 pandemic continues to create additional uncertainty in all of our markets.
 - This outlook reflects all currently available information and management's forecasts regarding further developments in Telematics Infrastructure in Germany
 - 2021 guidance may be impacted by FX effects, especially US\$
 - The guidance does not include P&L impact associated with potential further acquisitions

2021 Revenue guidance – New segmentation

Revenues, €m

| | | |
|------------|------------------|--|
| AIS | 485 – 500 | excluding TI, including 12 months eMDs |
| PCS | 115 – 120 | excluding TI |
| HIS | 240 – 250 | including full year impact of large FY20 acquisition |
| CHS | 160 – 170 | including TI |

| | | |
|--------------------------|--------------------|------------------------|
| Organic growth | 4 – 8 | group revenues, in % |
| Recurring revenue | > 60 | in % of total revenues |
| Adj. EPS | 1.70 – 1.95 | diluted, in € |
| CAPEX | 70 – 80 | in €m |
| FCF | > 80 | in €m |

Guidance reflects management's best estimate based on the currently available information, particularly with regard to COVID-19 and the further rollout of Telematics Infrastructure.

2021 quarterly phasing

- Gradual build-up of revenue expansion throughout the year
 - CLICKDOC growth initiatives accelerating quarter by quarter
 - Hospital Future Act benefits expected to kick in after summer
 - Ramp-up of patient journey and IT security initiatives step by step
 - TI upgrade (PTV4) expected in HY2
- Front-loaded cost impact of investments with growth benefits well beyond 2021



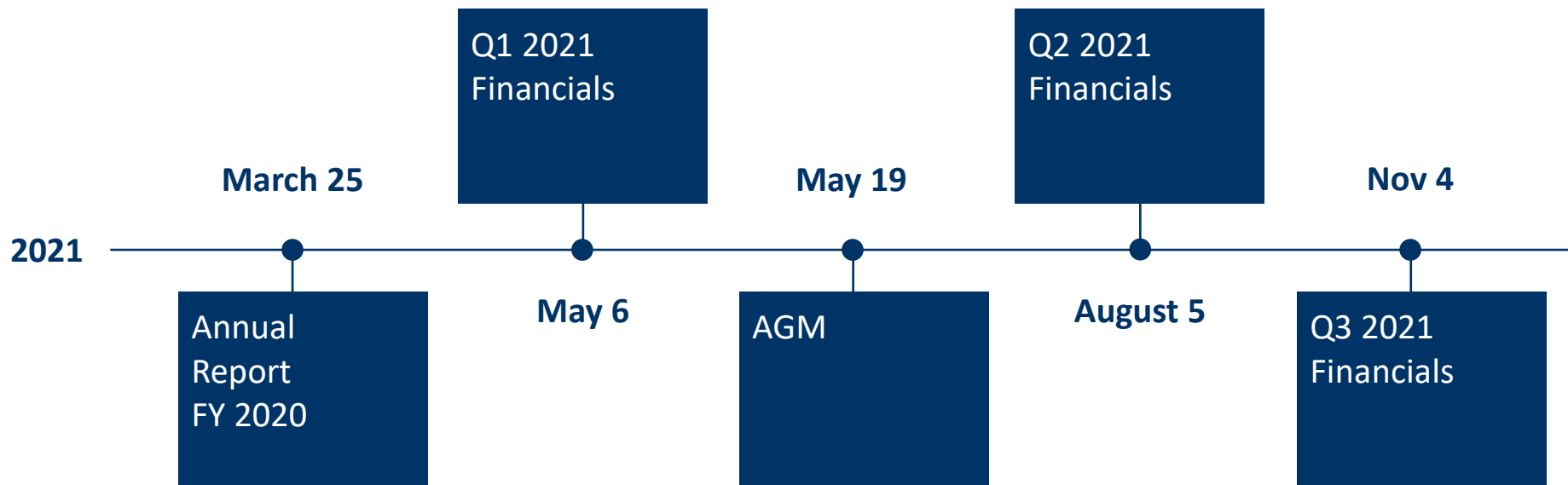
EBITDA ramp-up throughout the year (HY1 margin < HY2 margin)

Successful track record to be continued going forward

**NOBODY SHOULD
SUFFER OR DIE
BECAUSE
AT SOME POINT
MEDICAL
INFORMATION
WAS MISSING**

- ▶ **Strong market positions**
- ▶ **Technology leadership**
- ▶ **Continuous investments** in user experience and interoperability
- ▶ **Recurring revenue share >60%**
- ▶ **Sustainable** revenue & EBITDA growth **with high margins**
- ▶ **Strong cashflow** profile driving TSR
- ▶ Excellent track record in **value enhancing M&A**

Next events 2021



A background image showing a group of people in an office setting. A man with a beard and a woman are looking at a laptop screen. The man is pointing at the screen with his right hand. The woman is looking at the screen. The image is slightly blurred and has a blue tint. A semi-transparent white box is overlaid on the left side of the image, containing the text.

Q&A

**PLEASE PRESS *1
TO ASK QUESTIONS**

Segment financials

| | FY/20 | yoy |
|----------------------|-------|-------|
| Revenue (€m) | 467 | +5% |
| EBITDA adjusted (€m) | 172 | +7% |
| Margin | 37% | +1ppt |

71%

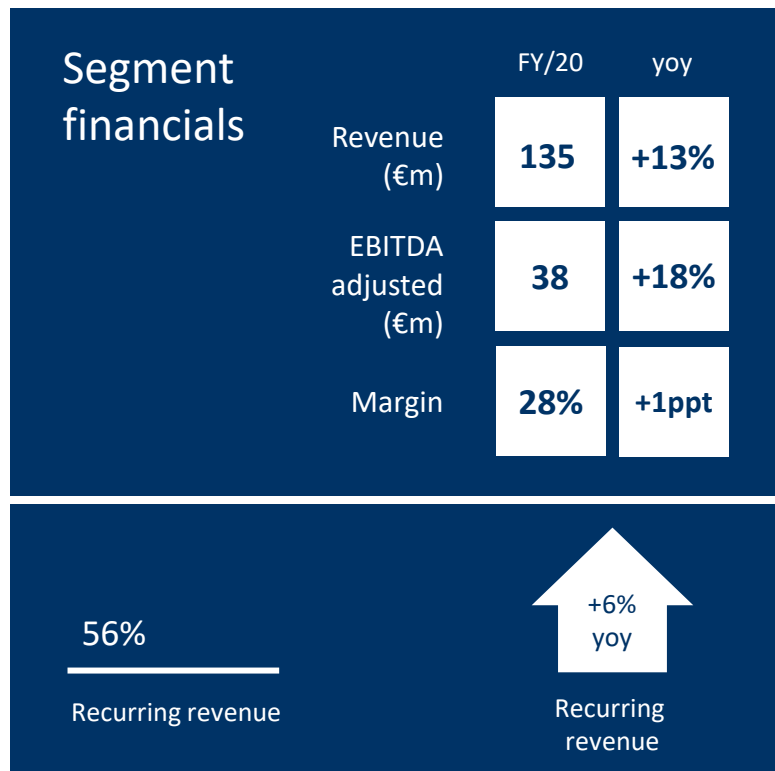
Recurring revenue

+8%
yoy

Recurring revenue

FY/20 yoy

- Revenue growth of 5% driven by further TI rollout to doctors (connector SW upgrade Q3)
- Organic revenue growth ex TI of +2% with HY1 +8% (Win 10), HY2 -3% (COV-19: US & dental)
- **Recurring revenues** +8%, representing 71% of total revenues
- **Adjusted EBITDA** margin slightly up yoy



FY/20 yoy

- Strong **organic** revenue growth of +13%, due to first time pharmacy TI rollout
- Organic revenues ex TI on prior year level (strong Q4/19 due to Italy and Win 10)
- **Adjusted EBITDA** up 18% due to TI rollout

Segment financials

| | FY/20 | yoy |
|----------------------|-------|-------|
| Revenue (€m) | 187 | +37% |
| EBITDA adjusted (€m) | 32 | +65% |
| Margin | 17% | +3ppt |

61%

Recurring revenue

+42%
yoy

Recurring
revenue

FY/20 yoy

- First time consolidation of largest acquisition in HY2 leads to +37% revenue jump
- Solid organic growth of 3%, given COVID-19 impact in Q2 and strong prior year comps in Q4
- Strong COV-19 performance of lab business
- Acquisition above synergy plan (€44m in HY2)
- Strong increase in **adjusted EBITDA** and margin increase by 3ppt due to acquisition and revenue mix

Segment financials

| | FY/20 | yoy |
|----------------------|-------|-------|
| Revenue (€m) | 48 | +5% |
| EBITDA adjusted (€m) | 8 | -26% |
| Margin | 17% | -8ppt |

12%

Recurring revenue

+65%
yoy

Recurring
revenue

FY/20 yoy

- Revenue growth driven by strong intermedix business and growth of MGS customer base
- **Consumerization:** 1st to market with digital health app store embedded in AIS
- **Datafication:** launch of Therafox cloud solution, clinical notes machine learning platform
- **Adjusted EBITDA** impacted by platform investments and currency effects

FY/20 segments pro forma (per new structure, as communicated on Nov. 5)

| Group | | Ambulatory Information Systems | | Pharmacy Information Systems | | Hospital Information Systems | | Consumer & Health Management Information Systems | | |
|----------------------|-----|--------------------------------|-----|------------------------------|-----|------------------------------|-----|--|-----|-------|
| | | Revenue Share | | | | | | | | |
| | | FY/20 | yoy | FY/20 | yoy | FY/20 | yoy | FY/20 | yoy | |
| Revenue (€m) | 837 | +12% | 375 | +7% | 117 | 0% | 187 | +37% | 158 | +14% |
| EBITDA adjusted (€m) | 215 | +8% | 118 | +0% | 34 | +10% | 32 | +65% | 48 | +29% |
| Margin | 26% | -1ppt | 31% | -2ppt | 29% | +3ppt | 17% | +3ppt | 31% | +4ppt |

2020 segments pro forma (per new structure, as communicated on Nov. 5)

| | Q1/20 | Q2/20 | Q3/20 | Q4/20 | FY/20 | |
|--|-------|-------|-------|-------|-------|-----------------|
| Ambulatory Information Systems | 95.1 | 92.5 | 90.9 | 96.7 | 375.2 | Revenues |
| | 27.1 | 30.8 | 30.0 | 29.8 | 117.8 | Adjusted EBITDA |
| Pharmacy Information Systems | 28.8 | 28.8 | 28.8 | 30.4 | 116.8 | |
| | 8.8 | 7.5 | 7.7 | 9.5 | 33.5 | |
| Hospital Information Systems | 33.7 | 33.4 | 56.1 | 63.4 | 186.6 | |
| | 4.2 | 5.4 | 7.9 | 14.4 | 31.9 | |
| Consumer & Health Management Information Systems | 25.4 | 25.2 | 55.5 | 52.3 | 158.4 | |
| | 4.9 | 4.4 | 27.8 | 11.2 | 48.3 | |

Q4/20 Financial KPIs



€243m
(+18%yoy)

Revenue



59%
(+1ppt)

Share of
rec. revs



€60m
(+5%yoy)

Adjusted
EBITDA



25%
(-2ppt)

Margin



€0.46
(PY: €0.37)

Adj. EPS



€17m
(PY: €9m)

Adj. FCF

EBITDA, EPS and FCF adjusted, EPS diluted

Q4/20 EBITDA reported vs. adjusted

| €m | Q4/20 | Q4/19* |
|---|-------|--------|
| EBITDA reported | 48.2 | 52.0 |
| M&A transactions | 7.1 | 4.6 |
| Share-based option programs | 4.4 | - |
| Restructuring program expenses | - | - |
| Other non-operative, extraordinary or prior period one-time effects | - | - |
| EBITDA adjusted | 59.6 | 56.6 |

* Adjusted figures for 2019 are presented on a pro forma basis: Excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former member of the Management Board and excluding one-time expenses for M&A transactions not pursued further.

FY/20 EBITDA reported vs. adjusted

| €m | FY/20 | FY/19* |
|---|--------------|--------------|
| EBITDA reported | 197.5 | 178.1 |
| M&A transactions | 10.9 | 16.1 |
| Share-based option programs | 5.9 | 3.9 |
| Restructuring program expenses | - | - |
| Other non-operative, extraordinary or prior period one-time effects | 0.6 | - |
| EBITDA adjusted | 214.9 | 198.1 |

* Adjusted figures for 2019 are presented on a pro forma basis: Excluding the one-time effect of stock option-based compensation expenses against cash settlement for a former member of the Management Board and excluding one-time expenses for M&A transactions not pursued further.

Q4/2020 P&L Group - PRELIMINARY

| €m | Q4/20 | Q4/19 |
|--|--------------|--------------|
| Revenues | 242.9 | 206.1 |
| Capitalized own services /other operating income | 10.1 | 12.7 |
| Expenses for goods & services purchased | -54.0 | -42.8 |
| Personnel expenses | -100.7 | -89.0 |
| Other operating expenses | -50.1 | -35.0 |
| EBITDA reported | 48.2 | 52.0 |
| Depreciation & amortization | -23.2 | -18.6 |
| EBIT | 25.0 | 33.4 |
| Financial result | -5.6 | -2.9 |
| Income from at-equity participations | -0.1 | 0.5 |
| EBT | 19.3 | 31.0 |
| Income taxes | -10.1 | -17.6 |
| Net income | 9.2 | 13.4 |
| Non-controlling interest | 0.1 | 0.0 |
| EPS reported, diluted (€) | 0.16 | 0.27 |

FY/2020 P&L Group - PRELIMINARY

| €m | FY/20 | FY/19 |
|--|--------------|--------------|
| Revenues | 837.3 | 745.8 |
| Capitalized own services /other operating income | 42.4 | 38.0 |
| Expenses for goods & services purchased | -156.2 | -139.0 |
| Personnel expenses | -377.0 | -339.4 |
| Other operating expenses | -149.0 | -127.3 |
| EBITDA reported | 197.5 | 178.1 |
| Depreciation & amortization | -75.5 | -62.8 |
| EBIT | 122.0 | 115.3 |
| Financial result | -10.4 | -5.8 |
| Income from at-equity participations | -0.9 | -1.8 |
| EBT | 110.7 | 107.7 |
| Income taxes | -37.5 | -41.5 |
| Net income | 73.2 | 66.2 |
| Non-controlling interest | 0.2 | 0.3 |
| EPS reported, diluted (€) | 1.40 | 1.33 |

Investor Relations contact



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