

09/2020

Company Presentation

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CGM



Synchronizing healthcare

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**Nobody should suffer or die
because at some point
medical information was missing.**

The life-saving capabilities of connecting and synchronizing

CGM is providing

**information systems & services,
connectivity products**

to doctors, hospitals, pharmacies, patients ...

~30,000

DEATHS PER YEAR
due to adverse drug
reactions in Germany

More than 1.5 million professional users of our products worldwide



Our segments cover essential parts of the patient journey

AMBULATORY INFORMATION SYSTEMS

Data available anytime for a better and quicker overview, resulting in more time for the patients



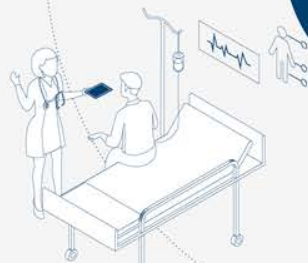
PHARMACY INFORMATION SYSTEMS

Enabling responsible consultations, optimal processes and economic success



HOSPITAL INFORMATION SYSTEMS

Intelligent management for quality, efficiency and growth



CONSUMER & HEALTH MANAGEMENT INFORMATION SYSTEMS

Smart solutions for patient empowerment based on personal health record platform with high data security



MISSION



"More time for what is important: the patient."

Paperless data management and immediate access to important information for smooth workflows resulting in more time for employees

Successfully steering through the COVID-19 pandemic

- #1 priority: Health & safety of CGM employees and of our customers
- Full service support to our customers (doctors, pharmacies, hospitals)
- Extensive hotline support and field service
- New products and services



Benefitting from forward looking R&D in previous years during COVID-19

Mobile practice management



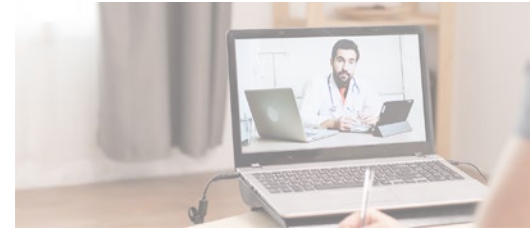
- Offering **TELEMED Mobile Praxis Center** solution free of charge until end of June
- Enabling practice teams to carry out **admin tasks from home**, i.e. reimbursement & accounting
- Accessing practice IT system via Mobile Praxis Center meets **highest data protection standards**

Telemonitoring



- **Relieving hospitals** with telesystems for **monitoring patients** with infection **in home quarantine** after inpatient treatment
- **Protecting medical and nursing staff**
- **Recording vital parameters** wirelessly, **transmitting** to practitioners and immediately **alerting** in case of emergency

Video consultation



- Massive increase in demand with **~90,000 registrations** for CLICKDOC video consultation within weeks
- Protecting doctors, practice teams and other patients from **risk of infection** by patients suspected of being infected with COVID-19

Video consultation as example how to quickly adopt and scale market trends

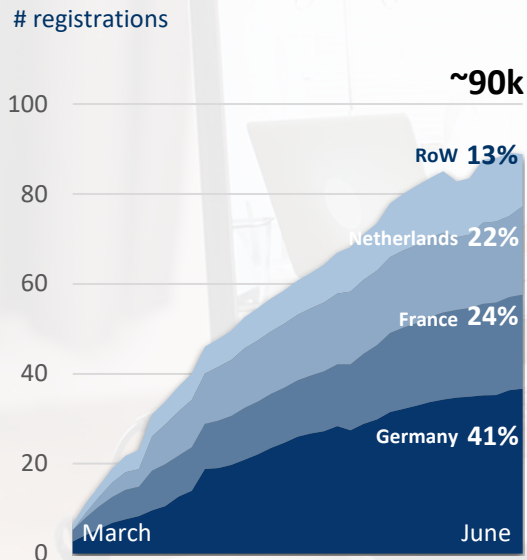


Usage of **video consultation** boosted through **COVID-19 pandemic**

2017
2%
of practices*

2020
>50%
of practices*

Free trial phase



Turning into regular usage

- Active users ~25% of registrations
- 30% of active users >3 sessions/week
- Pay packages in US, Germany, France and Netherlands
- Already >7k contracts signed by Aug 20

Expected run rate potential revenue (2022 onwards)
Low double-digit million euro range

*Survey snapshot May 2020: share of practices offering video consultation

Telematics Infrastructure – The next level in German healthcare digitization

99.9%

Stable and resilient
TI connector

99.9% of **CGM TI connectors** **stayed connected** during the TI outage in May.

This is attributable to our **intensive R&D efforts & thorough testing** of our connector hard- and software.

1st

mover
e-Health connector

CGM connector **approved** by gematik **in July**. Upgrade available for all **~56k customers**. So far **~20k upgrade installations**.

Upgrade **enables**

- Value added **TI services**
- TI for **pharmacies**

>5,000

orders in
pharmacy segment

1st mover in **TI for pharmacies**. Rollout started in July.
> 5k orders received by CGM Lauer and reseller partners by now.

Installations picking up at increasing speed.

1st

KIM
provider

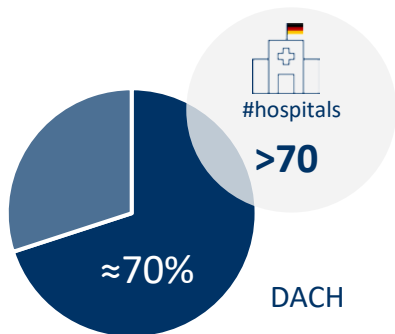
CGM KIM (secure TI email) **approved** as 1st provider by gematik **in June**. Rollout to begin early Q4/2020.

KIM is **mandatory** for the **digital transfer** of relevant patient documents like the future **e-sick notice**.

Increasing scale in Hospital Information Systems



CGM HIS 2019



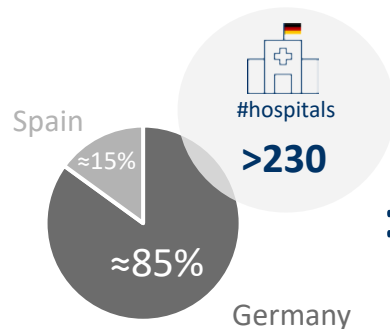
Revenues (€m)

136

EBITDA margin

14%

Medico / SHA Selene



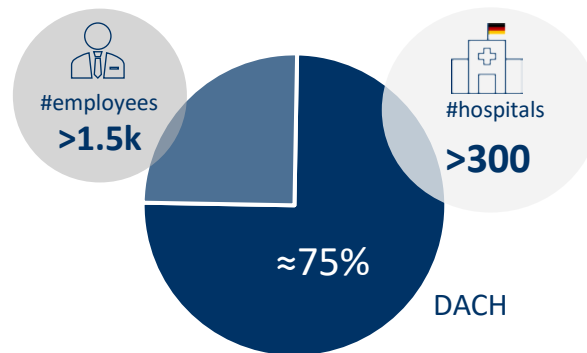
Revenues (€m)

74

EBITDA margin

18%

2019 pro-forma combined



Revenues (€m)

210

EBITDA margin

17%

Acquisition closed July 1, 2020

Digitization in hospitals – Huge potential for Europe compared to the US

Degree of digitization

EMRAM score

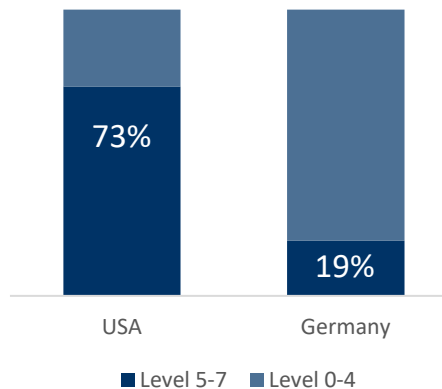
- Level 0: no digitization
- Level 7: paperless hospital

Germany in 2017

- Score 2.3 (Ø EU 3.6)
- Only 1.2% at level 6 or 7
- US: 40% at level 6 or 7
- Higher rating (3.4) in larger hospitals (+500 beds)
- Share of hospitals with nearly zero digital usage in clinical area: 39%

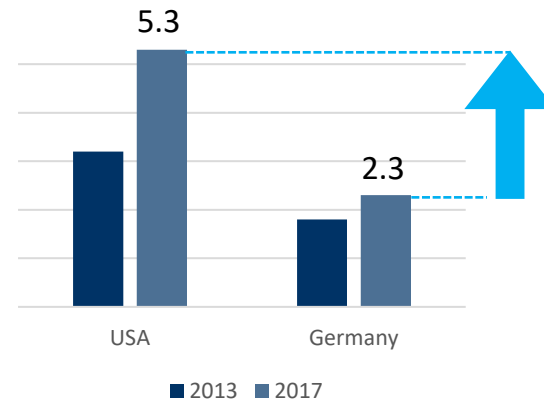
Share of highly digitized hospitals

Year 2017



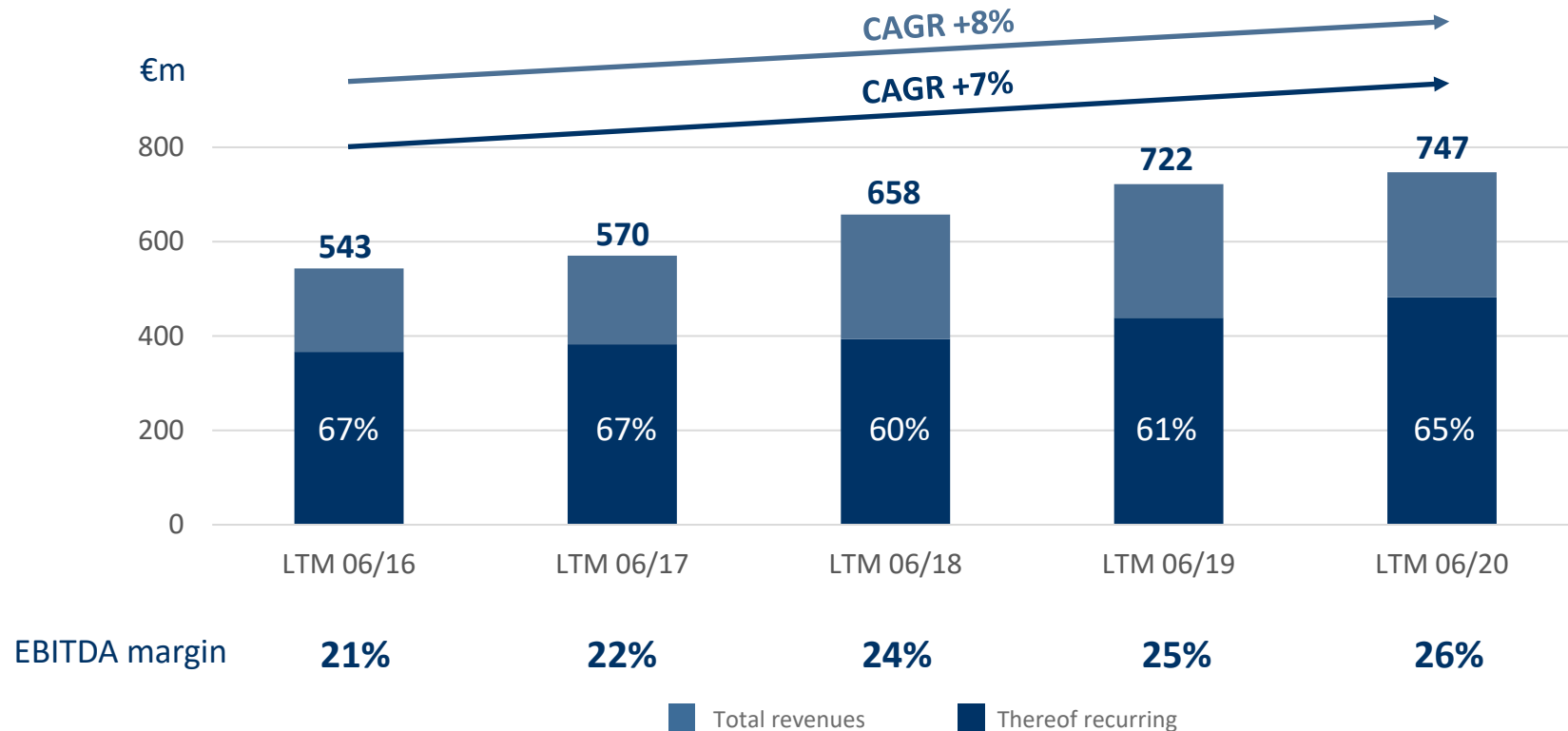
Digital development

EMRAM score 2013-2017



 **Catch-up potential boosted by regulatory push: Hospital Future Act to accelerate digitization in clinics is currently being passed**

Attractive revenue growth with strong margin development



EBITDA 2019 pro forma, 2020 adjusted

Strong underlying organic revenue growth across the group

H1/20 vs. H1/19

GROUP	-2%	+7% ex TI
AIS	-7%	+8% ex TI
PCS	+6%	
HIS	+4%	
CHS	+9%	

Guidance FY 2020
for organic growth
(as raised on Aug 6)

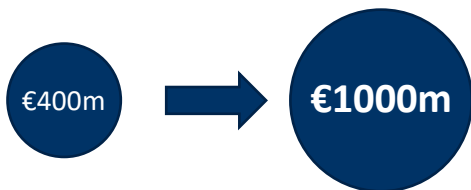
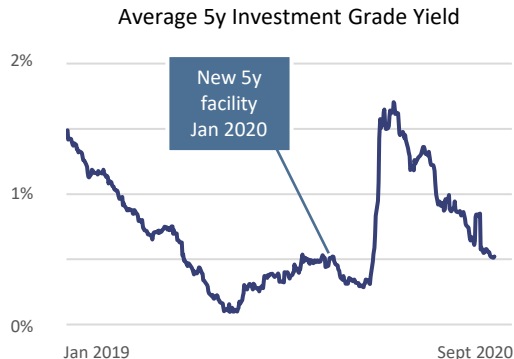
2-6% yoy
(incl. TI)

Underlying organic
growth expected going
forward

Low to mid single-
digit percentage
range

Preparing for further growth ambitions

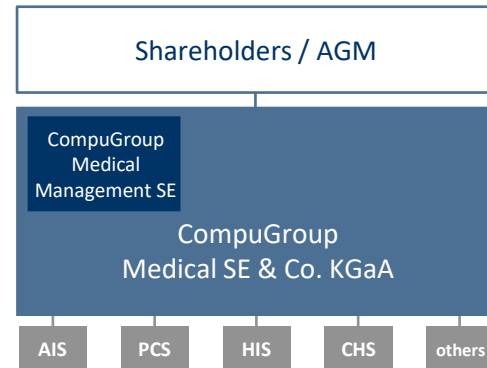
Favourable funding conditions



Successful share placement

- ✓ **10%** placement June 2020
 - 9% treasury shares
 - 1% capital increase
- ✓ Cash proceeds **€340m**

New legal form



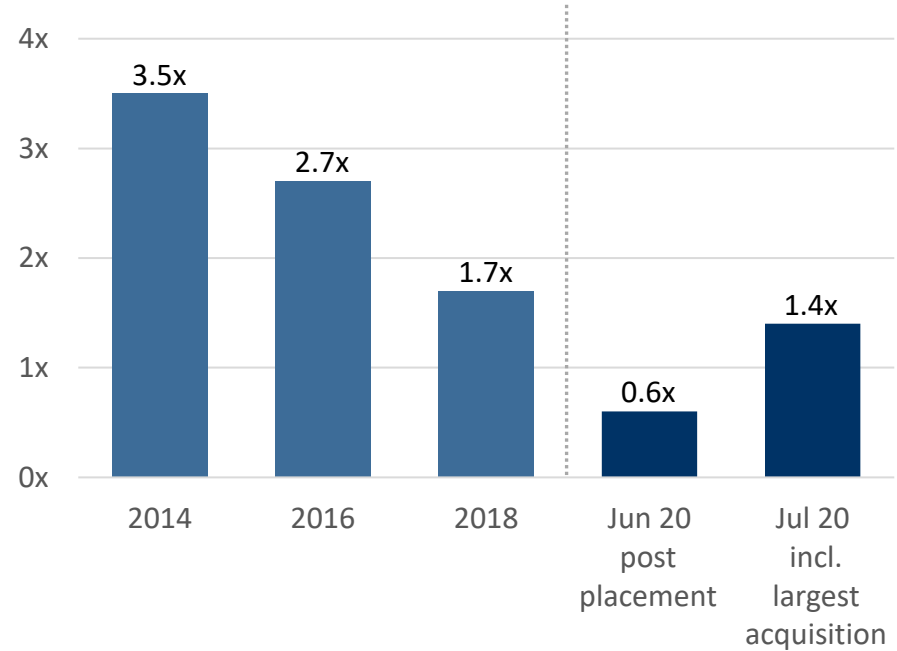
- ▶ **Additional headroom** for further strategic steps
- ▶ **Improved financial position** – equity ratio now >40%
- ▶ **Preserving the entrepreneurial culture and perspective**

Building on fast deleveraging competence

Recent larger acquisitions

QUALIZORG	2019 ~€10m
MEDISTAR DISTRIBUTORS	2019 ~€25m
EPSILOG, H&S	2019 ~€80m
MEDICO, SHA, SELENE	2020 ~€200m

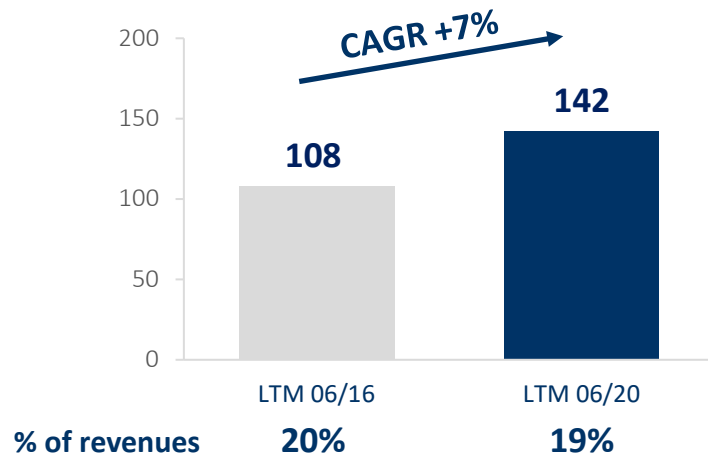
Leverage



With increased investment into R&D ...

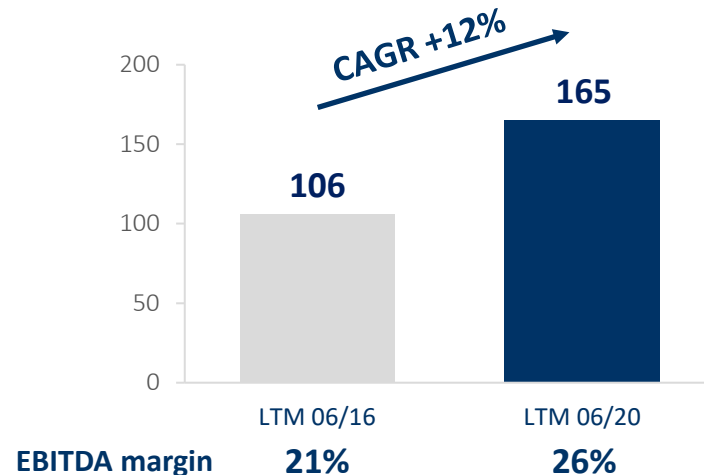
R&D spending (incl. CAPEX)

€m



EBITDA (less R&D Capex)

€m




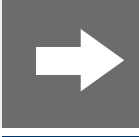

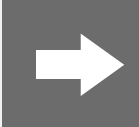


... to deliver best-in-class solutions to all healthcare providers
while at the same time increase the profit pool for our shareholders

GUIDANCE








TI approval reflected in updated guidance (now also including HIS acquisition)

€m	Full-year guidance (Feb 5, 2020)		Updated guidance (Aug 6, 2020)		Full-year guidance (Feb 5, 2020)		Updated guidance (Aug 6, 2020)	
Group revenues	765 – 815		820 – 860	Segments	AIS revenues	453 – 485		470 – 490
Adj. EBITDA	195 – 215		205 – 220		PCS revenues	124 – 134		124 – 134
					HIS revenues	142 – 148		180 – 188
					CHS revenues	46 – 48		46 – 48

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.

Updated 2020 additionally guided KPIs

	Full-year guidance (Feb 5, 2020)		Updated guidance (Aug 6, 2020)
Organic growth (group revenues in %)	0 – 6		2 – 6
Recurring revenue (in % of total revenues)	> 60		> 60
Adj. EPS¹⁾ (in €)	1.70 – 1.95		1.75 – 1.95
CAPEX (in €m)	70 – 80		65 – 75
Adj. FCF (in €m)	> 80		> 85

Adjusted FCF: Operating cashflow incl. interest less capex, adjusted for M&A, restructuring, option programs and other non-operative major one-off effects; updated guidance including dilution following share placement and capital increase in June

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

- ▶ **Strong market positions** across businesses & regions
- ▶ Proven **crisis-resilience** with **>60% of revenues recurring**
- ▶ **Continuously investing** in customer benefits (R&D spend)
- ▶ **Sustainable EBITDA growth** with **strong cash flow profile**
- ▶ Excellent track record in **value enhancing M&A**
- ▶ **Increased flexibility** following successful share placement
- ▶ Further enhancing **value generation & shareholder return**

APPENDIX

A doctor in a white lab coat with a stethoscope around their neck is sitting at a desk, typing on a laptop. A patient's hands are visible in the foreground, resting on the desk. A pair of glasses is also on the desk.

Managing Directors



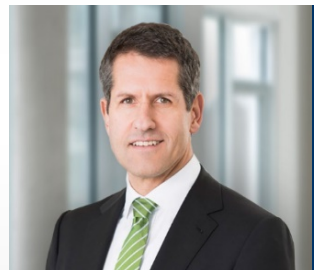
Frank Gotthardt
Founder, Chairman & CEO



Frank Brecher
Chief Technology Officer



Dr. Ralph Körfggen
Ambulatory & Pharmacy
Information Systems



Dr. Eckart Pech
Consumer & Health
Information Systems



Michael Rauch
Chief Financial Officer



Hannes Reichl
Hospital Information
Systems




SEGMENTS



Continued high performance in LTM – even during COVID-19 pandemic

Group			Ambulatory Information Systems		Pharmacy Information Systems		Hospital Information Systems		Consumer & Health Management Information Systems		
	LTM 06/20	yoY	Revenue Share	LTM 06/20	yoY	LTM 06/20	yoY	LTM 06/20	yoY	LTM 06/20	yoY
Revenue (€m)	747	+3%	59 %	437	-1%	16 %	+7%	19 %	+11%	6 %	+19%
EBITDA adjusted (€m)	192	+5%		154	-1%		+10%		+41%		+57%
Margin	26%	+1ppt		35%	0ppt		+1ppt		+3ppt		+6ppt



AMBULATORY INFORMATION SYSTEMS

AIS – Strong financials with high share of recurring revenues



Ambulatory Information Systems (AIS)

	LTM 06/20	YoY
Revenue (€m)	437	-1%
Recurring rev share	73%	+8ppt
EBITDA adjusted (€m)	154	-1%
Margin	35%	0ppt

Revenue development underlines resilience



	Q3/19	Q4/19	Q1/20	Q2/20
organic ex TI	9%	4%	10%	7%
recurring	12%	11%	9%	8%

AIS – Leading market positions in core markets Germany and France



We are the
leading provider
of ambulatory
information
systems,
servicing

#1 market position
>40% market share

64k
GPs

>80k
doctors

20k
dentists

#1-2 market position
>25% market share

in
~48k
practices

37k
GPs

11k
dentists

Thereof **~44k practices** also TI customers
(+12k other = TI installed base of ~56k in AIS)



We are the
leading provider
of ambulatory
information
systems,
servicing

#1 market position
>40% market share

>40k
doctors

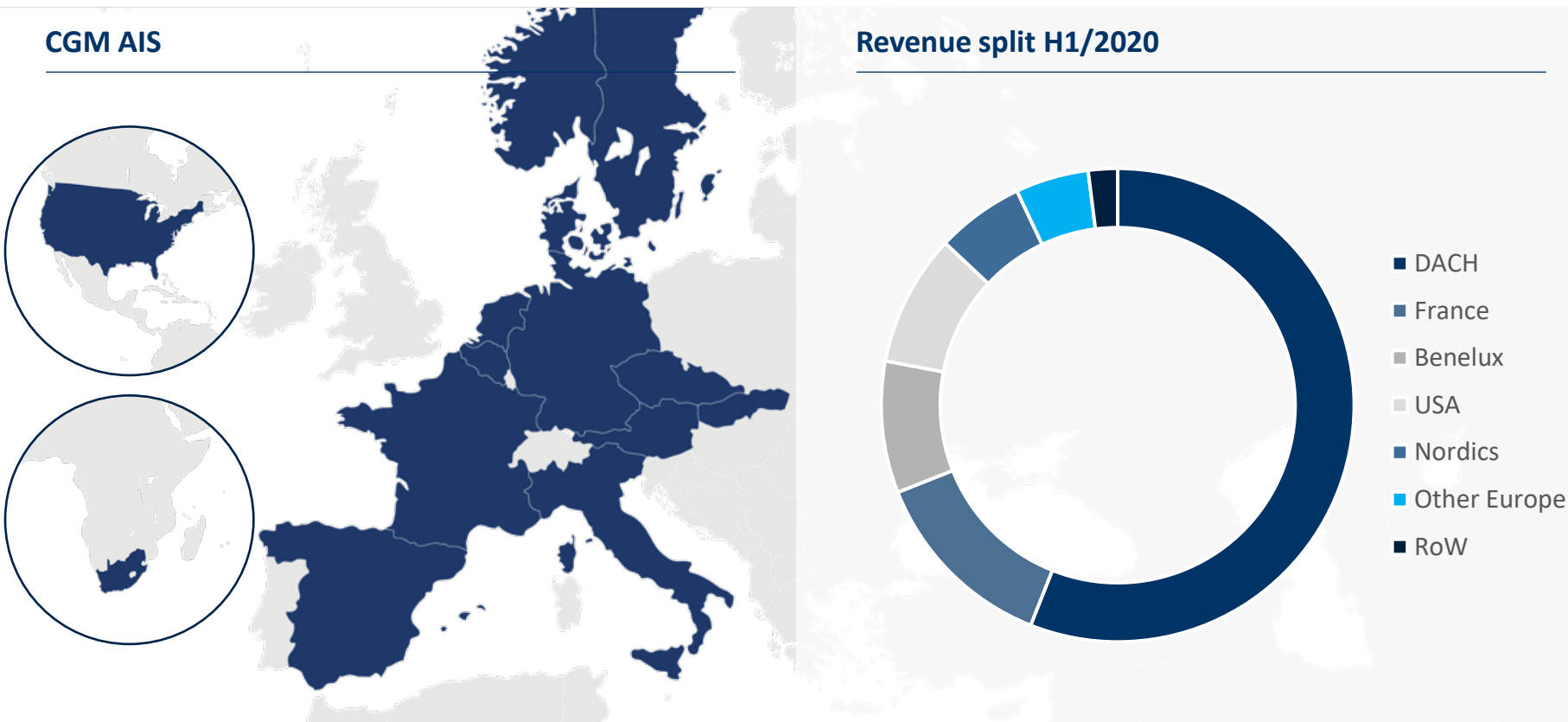
~47k
therapists &
nurses

#1 market position
>25% market share

AIS – Excellent positioning in European markets

CGM AIS

Revenue split H1/2020



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

PCS – Strong financials with high share of recurring revenues



Pharmacy Information Systems (PCS)

	LTM 06/20	yoY
Revenue (€m)	123	+7%
Recurring rev share	61%	0ppt
EBITDA adjusted (€m)	34	+10%
Margin	28%	+1ppt

High revenue resilience during COVID-19



	Q3/19	Q4/19	Q1/20	Q2/20
organic	7%	7%	5%	6%
recurring	3%	7%	5%	9%

PCS – Excellent market positions in our core pharmacy markets Germany & Italy



We are **one of the leading providers** of pharmacy information systems, servicing

in
~4k
pharmacies

#4 market position
~20% market share

**Thereof ~2.5k already TI customers by orders in current rollout
(plus >2.5k other orders = total TI orders of >5k in PCS)**



We are **the leading provider** of pharmacy information systems, servicing

in
>10k
pharmacies

#1 market position
>50% market share

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

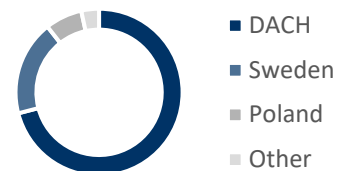
Our HIS business before the transformational acquisition

At a glance (LTM 06/2020)



Revenue split 2019

By geography



By division



COVID-19 with diverse impact on our different HIS customers



ACUTE

- Acute clinics
- University hospitals
- Ambulances
- Clinical logistics centers
- Clinical pharmacies



POST ACUTE

- Rehab clinics
- Social care facilities
- Community & school doctors
- Mobile care providers
- Smart home providers
- Patients & relatives



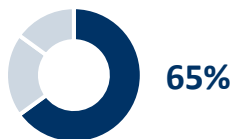
MEDICAL LABS

- Private labs
- Laboratory chains
- Clinical labs

COVID
IMPACT



in % of
revenues



Rebound has started sooner than anticipated

COVID-19 induced slowdown in Q2/20

	Q1	Q2
Reported revenue growth yoy		
2019	10%	10%
2020	8%	4%
Organic revenue growth yoy		
2019	8%	9%
2020	6%	1%

Pandemic will accelerate digitization

- New projects partly delayed due to COVID-19
- Underlying FY guidance confirmed despite weaker Q2
- Post-COVID-19 catch-up has started sooner than anticipated with strong July
- Additional regulatory push for increasing digitization due to COVID-19 (Hospital Future Act for digitization in clinics on accelerated path)

Pandemic impact on digitization*



*Roland Berger Krankenhausstudie 2020



CONSUMER & HEALTH MANAGEMENT INFORMATION SYSTEMS

Consumer & Health Management Information Systems – Profile & ambition



Consumer & Health Management Information Systems

	LTM 06/20	yoy
Revenue (€m)	47	+19%
EBITDA adjusted (€m)	11	+57%
Margin	23%	+6ppt

Business Focus

- Providing consumers with digital health solutions
- Offering a digital health platform – our **CGM LIFE ecosystem**
- Establishing an interface between doctors & patients – our **CLICKDOC solutions**
- Delivery of **big-data value** for **pharma, insurances, doctors and patients**
- **Supporting our customers regarding IT security on their path to increasing digitization**
- Steering the **TI product development and rollout**

Consumerization – Patients are increasingly taking an active role in the **ecosystem**



Consumerization of Healthcare

31 million
people in Germany
suffer from **chronic**
diseases ¹



527 million
wearables
to be **sold globally**
by 2024 ³

75%
of smartphone owners
use **health apps** ²

41%
of smartphone owners
would want to get a
second opinion from an
artificial intelligence ⁴



Doctors' increasing need for digitization



- **Less availability** of practice **personnel**
- **Shortage** of rural **physicians**
- **Cost pressure**
→ Need for **efficient, digital services**



COVID-19 additional booster for digitization

- Need for **remote treatments & monitoring**
- **Digitally integrated therapies** (e.g. for chronic diseases)
- **Regulatory push** for increasing digitization

CGM LIFE Ecosystem

CLICKVDOC
ONLINE BOOKING

CLICKVDOC
VIDEO CONSULTATION

CGM LIFE
Patientenakte

CGM LIFE
Partnerprogramm

MEDICITALIA⁺

HEALTHCENTER

¹. CGM „DMP Programme für Chroniker (GKV-ca. Angaben)“, August 2019

², ⁴. Bitkom e.V., „Bitkom Digital Health 2020“, 2020, Bitkom Research

³. IDC Corporate USA, „Worldwide Wearable Computing Device Forecast“, March 2020, IDC

CGM LIFE with eHR – Our new digital ecosystem addressing evolving consumerization

CGM eHR Joint-Venture “Meine Gesundheit”:

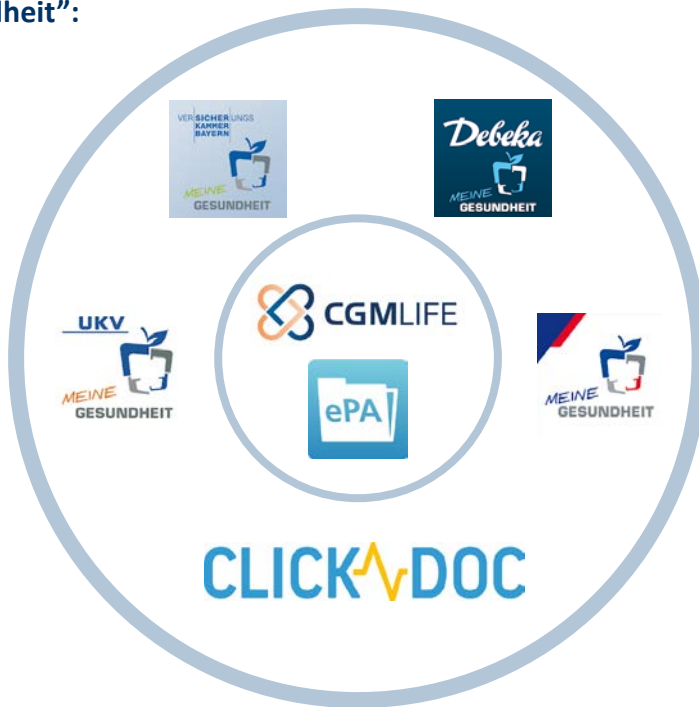


45%

Market share of
privately-insured
persons

Multiple services for private
health insurances through the **Joint
Venture** “Meine Gesundheit”

Private insurance companies **entering**
the **Telematik Infrastruktur** in 2021
→ **new revenue opportunities**
to serve customers with **TI services**



1

ecosystem

CGM LIFE

ePA

- Deeply integrated with CGM ecosystems (PIS)
- Analytics, digital campaigning, digital invoice management as value added services for insurance companies
- Highly interoperable based on the regulatory initiatives
- Increasing reach through the whole German eHealth ecosystem as a booster for general acceptance of eHR solutions

THANK YOU



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