
Synchronizing Healthcare

Preliminary and unaudited
4th quarter 2014 – Conference Call

Christian B. Teig, CFO
5 February, 2015



Preliminary and unaudited results 2014

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 CompuGroup Medical accounting closing process and approval by the Supervisory Board.

The company will provide its audited fourth quarter and full year 2014 results on Tuesday, 31 March 2015.

Key figures fourth quarter 2014

€ M	Q4 14	Q4 13	Change	2014	2013
Revenue	141.1	125.1	13%	515.4	459.6
EBITDA	29.4	28.3	4%	97.8	97.8
EBIT	18.7	16.4		57.2	56.8
EBT	18.7	9.3		49.7	35.2
Net income**	11.1	5.4		32.8	22.2
EPS (€)**	0.23	0.13		0.66	0.48
Cash net income*/**	19.1	13.9		62.6	51.7
Cash net income per share (€)*/**	0.38	0.28		1.26	1.04

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

** All values for 2014 based on provisional tax calculation

4th quarter review

- Good quarter in the AIS business with 9 percent organic growth
- Relatively low revenue contribution from the Telematik Infrastructure project in the quarter (EUR 1.0 million in AIS, EUR 1.5 million in ISP)
- Special seasonal profile last year in PCS leads to organic revenue contraction in the 4th quarter isolated. For the full year 2014, it has been a good year in pharmacy software with 3 percent organic growth
- Some expected contracts in W&D shifted to 2015, otherwise no special developments in HCS with total 5 percent organic growth
- Many moving parts on the cost side which net out to approximately zero
- Integration and restructuring measures are now completed for a more efficient business in 2015
- Telematik Infrastructure project on track!

Telematik Infrastruktur pilot project



CompuGroup
Medical



- CGM has now fulfilled all main requirements for the pilot in the North-West test region
- In a preliminary live test, all newly developed components and services necessary for the online use of the electronic health card (eGK) were successfully tested
- The first run with an insured master data update for the eGK in conjunction with a health insurance company (VSDM) showed that the components and services developed by the consortium harmonize perfectly
- All contracts for the required 500 care providers have been concluded. Recruiting participants, e. g. regional physicians, dentists, psychotherapists and hospitals is a main component of the contract
- All participants in the testing region will now be equipped with the components and services necessary for the use of the eGK
- Testing and verification will continue throughout 2015



CompuGroup
Medical

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 %



Acquisition of MedEDI

- Practice management software and bill switching to medical Insurers (electronic bill transfer and associated services) in South Africa
- The company also sells complimentary products such as Electronic Health Records to its customers
- MedEDI operates from office locations in Margate (headquarter), Pretoria and Cape Town
- Through this acquisition, CGM has considerably strengthened its market position in South Africa
- The total turnover of MedEDI was in 2014 approximately 6 million Euros with an EBITDA of approximately 2 million Euros



Divestiture of REWE / DMS



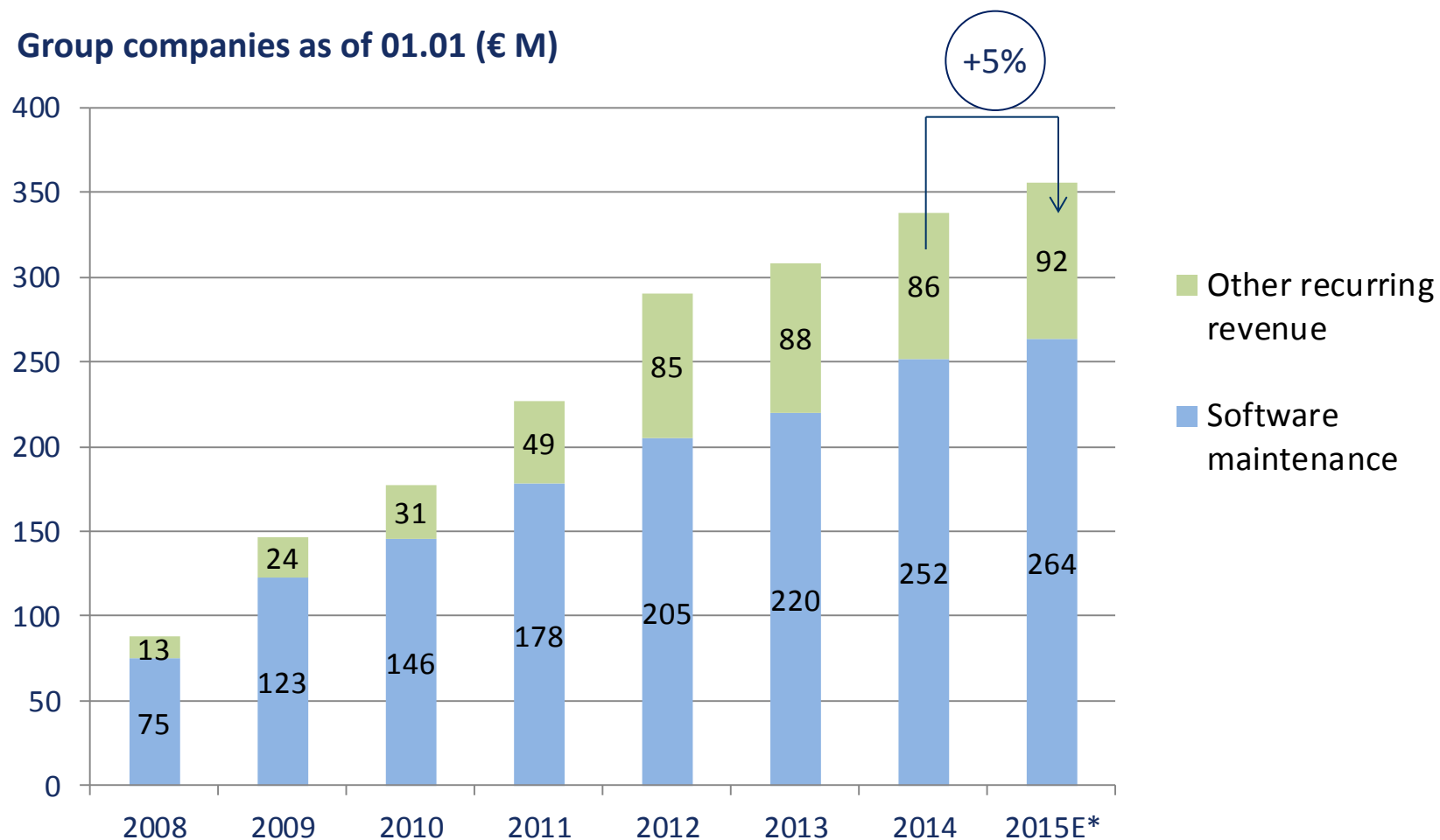
Add-on modules for accounting, controlling and business intelligence (Rechnungswesen & Controlling – ‘REWE’) as well as document management / electronic archiving solutions (Document Management Solutions – ‘DMS’)

- Part of German hospital business – also sold to non-healthcare customers
- In 2014, the REWE/DMS business contributed revenue of approx. EUR 5.0 million with an EBITDA of approximately EUR 1.4 million

OUTLOOK

Recurring revenue

Group companies as of 01.01 (€ M)



* Based on run rate January 2015

Good portfolio of existing and new add-ons for 2015



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**Umsatz optimieren
Potentiale ausschöpfen
Patienten binden**

TURBOMED Live-Check



privadis

- CGM LIFE eSERVICES
- CGM PRAXISARCHIV
- CGM ORGANIZER
- CGM PRAXISTIMER
- Augenarzt
- Dokumentationsmodul
- GDT

- IVF
- Kassenbuch
- Klinikambulanz
- Komfort-Statistik
- Mobil
- Mutterpass

- MVZ
- Notfallpraxis
- Pädiatrie
- Psychotherapie
- Radiologie
- Telefonie

CGM M1 PRO

Arztinformationssystem

Stable to positive HCS outlook for 2015

● Communication & Data

- Higher revenue backlog for first six months of 2015 compared to 2014
- Weighted pipeline for the second half also stronger than in February last year
- “Medical value communication” dominates opportunity space



● Workflow & Decision Support

- New CardTrust contracts in Germany
- SAM for compliance programs
- CGM LIFE for health insurance membership services
- Clinical research support



● Internet Service Provider

- Continued work and deliveries of the “Konnektor” for the Telematik Infrastructure in Germany
- New value-added network services (e.g. remote backup, tele-secretary services) launched in France



Revenue outlook 2015

● Ambulatory Information Systems: EUR 320 - 325 million

- 3-5 percent organic growth
- Additional EUR ~13 million from Labelsoft, MedEDI and German dealer acquisitions

● Pharmacy Information Systems: EUR 91 - 92 million

- 2-3 percent organic growth
- Additional EUR ~10 million from Farma3tec, Mondofarma and Puntofarma acquisitions

● Hospital Information Systems: EUR 73 – 75 million

- ~ Flat year-on-year organic development
- Reduction EUR ~5 million from sale of REWE/DMS product areas in Germany

● Communication & Data: EUR 20 – 21 million

- ~ Flat year-on-year organic development

● Workflow & Decision Support: EUR 26 – 27 million

- 3-7 percent organic growth

● Internet Service Provider: EUR ~ 15 million

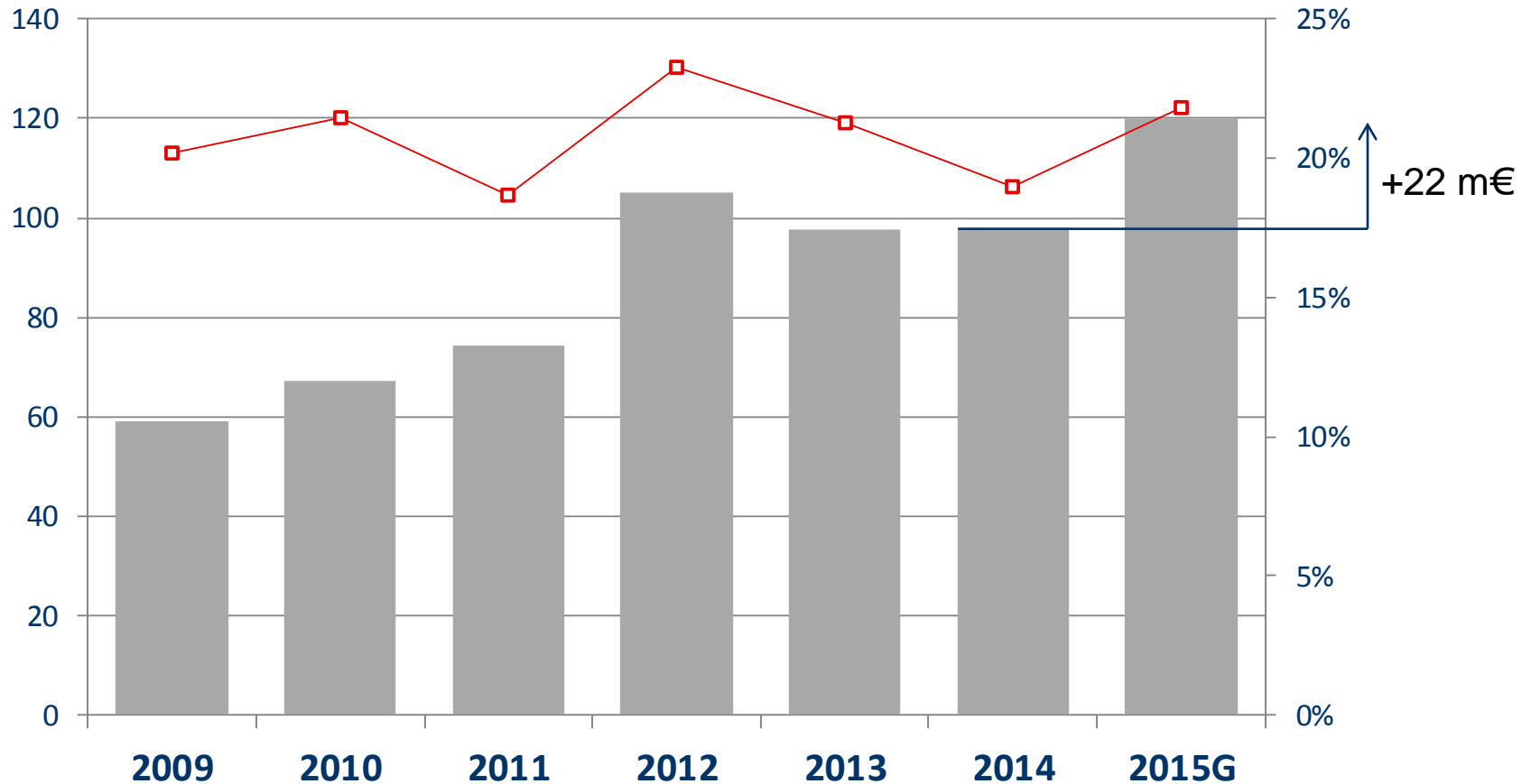
- ~ Flat year-on-year organic development

Organic growth

	2009	2010	2011	2012	2013	2014	2015G
Ambulatory Information Systems	14%	11%	7%	5%	3%	5%	3-5%
Pharmacy Information Systems				-2%	1%	3%	2-4%
Hospital Information Systems	16%	-2%	-7%	7%	0%	-2%	~0%
Communication & Data	-11%	-12%	7%	-6%	-27%	-9%	~0%
Workflow & Decision Support	-3%	6%	-6%	5%	-1%	3%	3-7%
Internet Service Provider	13%	-4%	11%	-6%	3%	36%	0-5%
GROUP	8%	4%	3%	4%	0%	4%	2-4%

Expected profitability development

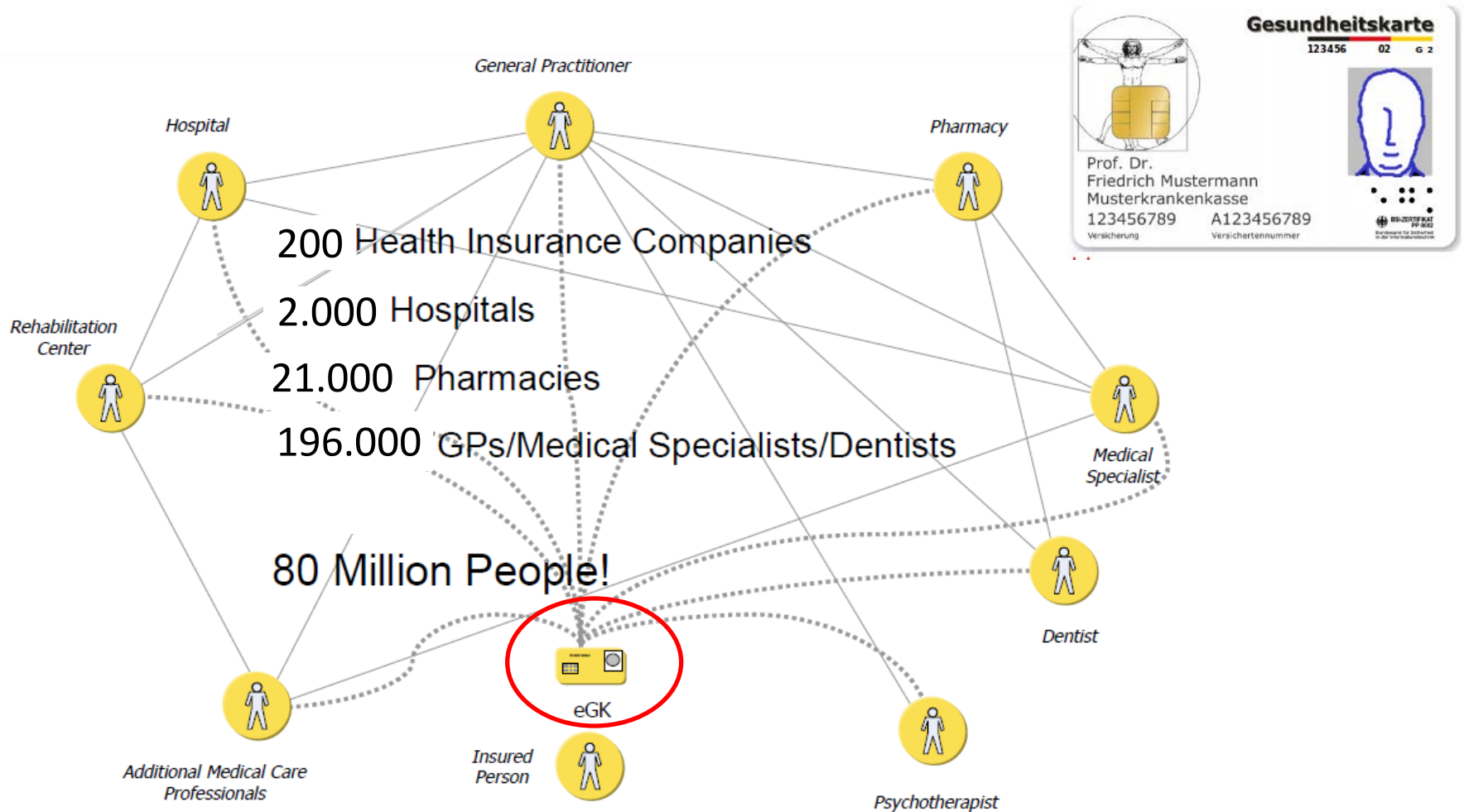
EBITDA (€ M) / profitability (EBITDA%)



Guidance 2015

- CompuGroup Medical offers the following guidance for 2015:
 - Revenue is expected to be in the range of EUR 545 million to EUR 555 million
 - Operating income (EBITDA) is expected to be in the range of EUR 115 million to EUR 125 million
- The guidance for 2015 represents management's best estimate of the market conditions that will exist in 2015 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 2015

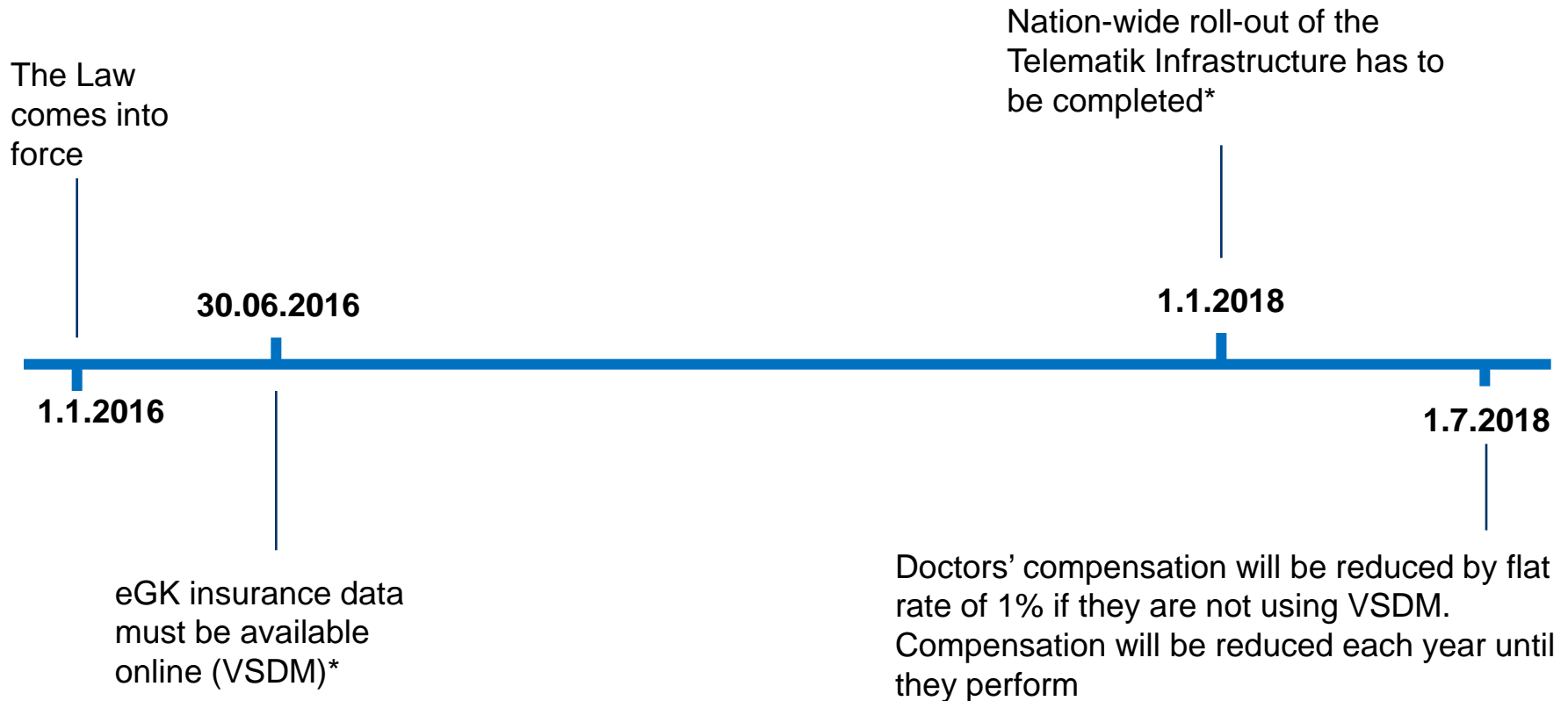
The coming secure communication arena in German healthcare



The German eHealth law

- The federal Ministry of Health (BMG) has prepared a draft bill – “The eHealth Law”
- The draft bill went to all relevant ministries (e.g. finance, science) in mid-January 2015, who are now commenting the bill. Other stakeholders are also invited to comment (including CGM)
- The bill will then go to the Bundeskabinett (Government – all ministers, Merkel at top) who must decide that the law shall be pursued. Should be in March 2015
- The bill then goes to the Bundestag (Parliament) for ‘Erste Lesung’ – law brought in officially
- In the Bundestag, the bill will be transferred to the health committee (Gesundheitsausschuss) where the draft will be discussed and changed. This can take 3-6 months which means conclusion in June – September
- When everything is discussed it goes back to the plenum (‘Zweite und Dritte Lesung’). The current Coalition has enough majority to pass the bill and it should then be finished
- In the current draft, it is written that the law will come into effect 1. January 2016

Timeline in the draft bill



* If the deadline is not met, from 2017 on the expenditure in the budgets of the GKV SpiBu and the KBV must not exceed the expenditure of 2014 minus 1% each year until the action is performed (1% = app. 100 mio €)

Potential upside with the rollout (est. 2016 – 2018)

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

OEM packages will be offered to other IT vendors

Estimated revenue per location

- Doctors: €2,000 – 4,000 (initial), €600 – 800 (annual)*
- Hospitals: €100k – 300k (initial), €15k – 45k (annual)

* DSL line, Konnektor service fee and software maintenance for integration module

The Telematics Infrastructure fits perfectly with CGMs strategy



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Elektronische Gesundheitsakte

PRODUCTS - SWEDEN		Unit	Annual fee (EUR)
	EDI basis service	Per user	45
PRODUCTS - DENMARK		Unit	Annual fee (EUR)
	SDN connect (w/o ISP)	Per doctor	75
	EDI service	Per clinic	450
	eServices	Per doctor	475
	FMK module	Per doctor	160
	Sentinel module	Per doctor	120
	Payment Dankort	Per clinic	165
	VPN (remote office)	Per token / kev	200
	Remote backup		30
PRODUCTS - NORWAY		Unit	Annual fee (EUR)
	Antivirus		
	EDI module	Per doctor	875
	E-mail account		
	eServices	Per clinic	780
	Payment terminals	Per clinic	650
	Remote backup	Per clinic	430
	Hosting (SaaS)	Per user	1200

- eServices
- ePrescriptions, eLabOrder, etc.
- Physician Networks
- Clinical Pathways
- Hosting
- Web-based personal health records (CGM Life)
-
-

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 6, 2015	Interim Report Q3 2015

Q&A session

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

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