## Speech of Christian B. Teig

**Chief Financial Officer of CompuGroup Medical SE**

**on the occasion of the Annual General Meeting**

**on 15 May 2018 in Koblenz**

The spoken word is final.

**Chart 19 - Starting Slide**

Dear Shareholders, Ladies and Gentlemen,

I too would like to welcome you to this year's Annual General Meeting of CompuGroup Medical SE.

Now that Mr. Gotthardt has already addressed the operating and strategic development of our segments in the fiscal year 2017, I would like to make a few additional comments on the 2017 consolidated financial statements.

**Chart 20 - Change in Segmentation**

In order to better reflect the constantly evolving portfolio of products and services, a change in segmentation was made in 2017. The former HPS I, HPS II and HCS segments were replaced by four new reporting segments:

- **Ambulatory Information Systems (AIS):** Medical and dental software including value-added products and services, such as a connection to the telematics infrastructure
- **Pharmacy Information Systems (PCS):** Pharmacy software including value-added products and services
- **Hospital Information Systems (HIS):** Hospital information systems including value-added products and services for this customer group
- **Health Connectivity Services (HCS):** Networking services for customers located within the healthcare sector but outside the other three segments of healthcare providers.

Important customer groups in this segment are pharmaceutical companies, health insurance companies, other IT companies in the healthcare sector and consumers.

**Chart 21 - Group Revenue**

We were also on a good course in 2017. Consolidated revenue rose by 4 percent over the previous year to a total of EUR 582 million. Acquisitions contributed 1 percent to sales growth, while organic growth amounted to 3 percent.

Growth in the medical and dental software segment is positively influenced by the first revenue flows from the rollout of the telematics infrastructure in Germany. Revenue in the pharmacy software segment grew by 7 per cent, of which 3 per cent is organic growth. Hospital Information Systems experienced a strong year with organic growth of 5 percent. Sales in the HCS segment were stable year-on-year.

**Chart 22 - Expenses**

Overall, Group expenses increased by 6 percent in the course of 2017. At 82 percent, the cost of purchased goods and services and the associated gross margin remained almost unchanged from the previous year. The increase in personnel expenses is due to minor changes in the composition of the workforce and general wage inflation. The increase in other expenses was mainly due to significant additional expenses related to the completion of the telematics infrastructure testing project and preparations for the TI rollout.

**Chart 23 - Group Earnings**

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 128 million in the past financial year compared to EUR 126 million in 2016. The corresponding operating margin remains almost unchanged at 22 percent.

**Chart 24 - Cash Flow from Operating Activities**

Cash flow from operating activities amounted to EUR 85 million in the reporting period compared to EUR 68 million in the same period in 2016. This is an increase of 27 percent. This increase is mainly due to changes in provisions and deferred taxes as well as non-cash expenses in 2017.

**Chart 25 - Investments**

Cash flow from investing activities amounted to EUR 54 million in the reporting period, of which almost EUR 8 million was for acquisitions. The largest acquisitions were the acquisition of the medical information systems business of ATX in Belgium and its distribution partner K-Line in Germany. There was also a small acquisition in the pharmacy software sector, Farmages in Spain. Most significantly, the development of VPN access services for the telematics infrastructure was new in 2017.

**Chart 26 - Group Balance Sheet**

Compared with the previous financial year-end, total assets increased by EUR 17 million to a total of EUR 825 million. The share of the balance sheet total amounts to 65 percent as of balance sheet date (previous year: 67 percent). All other assets underwent only minor changes in fiscal 2017.

**Chart 27 - Consolidated Statement of Changes in Equity**

Including the consolidated net income of EUR 44 million for the period January 1 to December 31, 2017, consolidated equity rose from EUR 219 million as of December 31, 2016 to EUR 236 million as of December 31, 2017. The dividend payment of CompuGroup Medical SE in the amount of EUR 17 million reduced equity. Exchange rate changes had an impact of EUR 3.5 million on consolidated equity. The equity ratio rose from 27.1 percent as of December 31, 2016 to 28.6 percent as of December 31, 2017.

Ladies and gentlemen, with these words I would like to conclude the report on the financial situation of the Group in fiscal year 2017 and now give the floor back to Dr. Esser.